Austria . . Sch. 18	Indonesia Rp 2500	Portugal . Esc 80
Bahrain . . Din.0 650	Italy . . . . . . L 1200	S. Arabia . . Rls 5.00
Belgium . . BFr 38	Japan Y550	Singapore . S$ 4.10
Canada . . . C$2.00	Jordan . . . Fils 500	Spain . . . . Pta 100
Cyprus . . Mils 600	Kuwait . . . Fils 500	Sri Lanka . . Rup 30
Denmark . . Dkr 7.25	Lebanon . £L 6.00	Sweden . . Skr 6.50
Egypt . . . . E£1.00	Luxembourg LFr 38	Switzerland SFr 2.00
Finland . . Fmk 5.50	Malaysia . . Rm 4.25	Taiwan . . . NT $55
France . FFr. 6.00	Mexico . Pes. 300	Tunisia . Din 0.600
Germany . DM 2.20	Morocco Dh 6.00	Turkey . . . . L 180
Greece . . . . . Dr. 80	Netherlands Fl 2.50	U.A.E. . . . Dh 6.50
Hong Kong . HK$ 12	Norway . . Nkr. 6.00	U.S.A. . . . $1.50
India . . . . Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,419 Tuesday September 11 1984 D 8523 B

Why the World Bank pours money into Brazil, Page 18

NEWS SUMMARY

GENERAL

UK ports peace hopes fade

Hopes that the British national docks strike was crumbling were dashed when dockers failed to return to work in large numbers at the Port of London's Tilbury docks, the country's biggest. This was despite the result of a ballot which showed that the majority wished to go back to work.

The employers fear that the strike would continue until the miners' dispute is settled. Although its effects are patchy, the stoppage is becoming increasingly expensive and inconvenient for companies.

The Transport and General Workers union also tightened its grip on other ports like Tees in North-east England and Great Yarmouth in East Anglia. Page 20

Gromyko talks

Moscow has indicated that Foreign Minister Andrei Gromyko would be willing to have talks with U.S. President Ronald Reagan after attending next week's UN General Assembly opening in New York. Page 3

Tanker 'attacked'

Iraq said its war aircraft hit a "large naval target," a term generally used to describe an oil tanker, south of the Iranian oil terminal at Kharg Island in the Gulf.

Equipment salvaged

Salvagers retrieved two crates of sophisticated Soviet-bound electronic equipment washed out of the *Mont Louis*, the French freighter that sank with a cargo of uranium hexafluoride. Page 2

N-cargo warning

British seamen will refuse to handle nuclear cargoes unless international shipping regulations are improved within a month, said Jim Slater, the head of the British Seamen's Union.

Sri Lanka mine

Nine soldiers were killed and four wounded in Sri Lanka's troubled northern province when separatist guerrillas blew up an army convoy with a land mine.

Pravda attack

Soviet newspaper Pravda accused the West of trying to exploit religious and nationalist feelings in the Soviet Union, where American evangelist Billy Graham has started a 12-day tour.

Passengers return

All 52 Iranian passengers, released from the hijacked Iranian jetliner Saturday flew home Monday. They included 13 children and 11 women.

Ethiopian party

Lt Col Mengistu Haile Mariam, who has led Ethiopia since the overthrow of its feudal monarchy 10 years ago, was elected head of the Marxist-Leninist Workers Party, the country's first political party. Page 5

Portugal protest

About 40 suspected urban guerrillas started an indefinite hunger strike in their cells in Lisbon to back demands for improved conditions of detention.

Indian curfew

Troops with "shoot on sight" orders manned key points in the tense southern Indian city of Hyderabad, under indefinite curfew after nine people died in Hindu-Moslem clashes. **Rama Rao returns, Page 5**

European noise

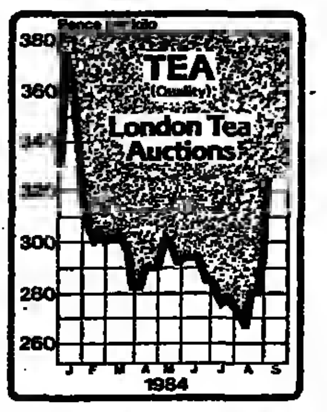
The European Commisson announced a two-stage plan to curb vehicle noise. Page 2

BUSINESS

Dollar tests DM 3 level

DOLLAR finished in New York at DM 3.0147, its first close above DM 3 since floating exchange rates began in March 1973. In earlier Far Eastern and European trading it had touched that level but by the London close its gains on the day were pared to DM 2.9890 (DM 2.9840), SwFr 2.4910 (SwFr 2.4846), FFr 9.1750 (FFr 9.1575) and Y245.60 (Y245.50). On Bank of England figures its trade-weighted index rose to a record 140.0 from 139.4. Against other currencies, final New York rates were SwFr 2.503, FFr 9.2575 and Y246.35. Page 43

STERLING rose 35 points against the dollar in London at $1.2770. It also improved to DM 3.82 (DM 3.8050), FFr 11.72 (FFr 11.67), SwFr 3.18 (SwFr 3.1625) and Y313.75 (Y312.75). Its trade-weighted index stood at 77.7 from 77.6. In New York it closed at $1.2715. Page 43



TEA prices rose sharply at the London weekly auctions, in the wake of last week's announcement of Indian export restrictions. The quality teas price gained 30p to 325p a kilo. Page 42

GOLD rose $2.75 an ounce on the London bullion market to $338.75. It closed in Frankfurt at $338.50 and in Zurich at $337.25. In New York the Comex September settlement was $338.40. Page 22

WALL STREET: The Dow Jones industrial average closed 4.86 down at 1,202.52. Section III

LONDON gilts were buoyed by hopes of a breakthrough in the UK miners' strike, but equities failed to maintain a rally. The FT Industrial Ordinary index closed 4.3 down at 847.4. Section III

TOKYO: The Nikkei Dow market average fell 29.17 to 10,471.53. Section III

VOLVO, Scandinavia's biggest industrial corporation, is planning a $78m cash offer for a further 4m shares in Hamilton Oil, U.S. oil group, pushing its stake close to 50 per cent. Page 21

PFAFF, the West German sewing machine manufacturer, boosted sales and profits during the first half of the year, with the share of revenue from overseas operations rising to 68 per cent. Page 21

VALLOUREC, the leading French steel tube manufacturer, is negotiating the sale of a controlling interest in its banking subsidiary to Bruxelles Lambert. Page 21

FLUOR, California-based mining, engineering and process plant construction company, reported a third-quarter earnings drop to $1.9m against $8.9m a year ago. Page 21

HORIZON HOLIDAYS, the third largest UK tour operator, has terminated its agency agreement with Pickfords Travel after disagreement over the extent to which Horizon Holidays have been promoted.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Israel to ask U.S. for up to $1bn in special aid

BY DAVID LENNON IN TEL AVIV

ISRAEL will ask the U.S. this month for up to $1bn in supplementary aid to tide it over its current economic difficulties, which include a growing foreign debt, falling foreign currency reserves and 400 per cent inflation.

It will also ask Washington to deliver the $1.2bn in regular economic assistance for 1985 by the end of December this year, rather than in quarterly instalments.

The requests will probably be made by Mr Yitzhak Modai, the Finance Minister-designate in the new Labour-led national unity Government, which is expected to win parliamentary approval tomorrow.

Despite strong misgivings within the Labour party over the concessions made by Mr Shimon Peres, the Prime Minister-designate, to the right-wing Likud faction on both ideology and ministerial appointments, tha central committee last night approved the coalition agreement.

Mr Yigal Cohen-Orgad, Finance Minister in the outgoing Likud Government, noted yesterday that despite the many gloomy economic indicators, the 25 per cent reduction in the trade deficit in the first eight months of this year had been an important achievement.

That was the result of a 12.5 per cent growth in exports, to $3.5bn, and a 4.3 per cent reduction in imports, to $5.4bn. If that trend continues to the end of the year, the trade deficit will bave beeo cut by some $850m in 1984, Mr Cohen-Orgad said.

That welcome development will be one of the elements pointed to by Israel when it seeks increased U.S. assistance. However, the Minister noted that Israel can only expect a positive response from Washington after it bas begun to implement a comprehensive policy to deal with the country's economic woes.

One of the most pressing of these is the reduction in foreign currency reserves, which fell by a third in the last three months. The outgoing minister said they would fall further to $2.1bn, before the end of the year because of the Treasury decision not to increase short-term borrowing this year.

The Treasury and the Bank of Israel have prepared austerity programmes that they would like the incoming governmeot to adopt. It is possible, however, that the plans will have to be abandoned or ameoded as the new minister has a different economic approach from that of his predecessor.

Mr Modai, leader of the Liberal party in the Likud bloc, has admitted that he may have to pursue anti-liberal policies in the first instance. In principle, however, be opposes the policy of fighting inflation and the balance of paymeots deficit by creating a recession.

Mr Modai favours borrowing more from the U.S. to prime the pump of economic growth, thus making it easier for Israel to repay its buge loans.

At the same time, the new minister does agree with the proposal to reduce inflation by limiting the rise in wages and prices, either with the voluntary agreement of the unions and industry or by compulsory measures.

● Mr Menahem Begin, the former Israeli prime minister who has become a recluse since resigning last September, was admitted to hospital yesterday suffering from urological problems.

The Shaare Zedek Hospital in Jerusalem said the former premier was in good spirits and that it had yet to be decided if an operation would be necessary.

IFC unit of World Bank may tap capital markets

By Stewart Fleming in Washington

THE INTERNATIONAL Finance Corporation (IFC), an affiliate of the World Bank, is actively examining the possibility of raising funds on the international capital markets under its own name rather than borrowing them indirectly through the World Bank, IFC officials said yesterday.

Such a move would have obvious attractions for the World Bank, whicb is having to cope with the reluctance of the governments that finance it, led by the U.S., to raise its capital resources as generously as bank officials believe is necessary.

At present, the IFC depends on the World Bank entirely for the funds it borrows.That fioancing mechanism means the Bank must employ its own capital base to support borrowings on the financial markets whicb are channelled to the IFC. The IFC's claims on the World Bank's increasingly scarce capital resources are likely to increase sharply in the next few years as a result of its expansion plans.

The IFC's role is to provide loan and equity finance for private-sector veotures in developing countries. Recently, it announced plans to step up sharply its operations through a five-year programme calling for investments of $7bn by the IFC itself in projects costing around $30bo in the years 1985-89. As part of that expansion, it is expecting to borrow some $2bn over the next five years.

Historically, the IFC has relied on the World Bank for its loan finance. Its equity capital is paid in full by shareholder nations. The World Bank itself is seeking ways to stretch its resources further, partly because of the mucb less generous increases in its own equity base that have been forthcoming or are expected.

If the IFC were to begin to borrow in its own name, that would relieve the World Bank of the responsibility of funding the IFC on the back of its own capital resources.

The IFC is currently examining the terms oo which it could enter the financial markets, which would probably be less favourable than those which the World Bank can command.

Latin America calls for debt summit; Argentina seeks loan extension, Page 6; Why World Bank pours money into Brazil, Page 18; International Capital Markets, Page 44

Mondale gives deficit issue top priority

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

MR WALTER MONDALE yesterday announced one of the most detailed pre-election fiscal recovery programmes in U.S. political history, acknowledging that he was gambling oo the good sense of American voters to see that continuing federal deficit budgets could no longer be tolerated.

Mr Mondale, the Democrat underdog io November's presideotial contest, said that "every penny" of the tax increases he was proposing would go into a kind of "trust fund" to pay off the deficit.

New government spending would also bave to be based on the "pay as you go" principle, be said in Philadelphia. That meant that "there will be no spending without an earmarked new source of revenue."

After presenting his plan, Mr Mondale said all his cards "are on the table, face up," unlike Mr Reagan's. Pursuing his theme that Mr Reagan is concealing plans for a tax increase if re-elected, Mr Mondale challenged the President to put his own detailed plans on the table.

He knows that by enthusiastically espousing tax increases he is taking an enormous risk with the middle-class vote for which be and Mr Reagan are competing. He hopes he can call on the oatural "good housekeeping" sense of those voters and persuade them that only the upper echelon, will really feel the pinch.

One measure of the extent of his problem is that the White House is delighted that he is wrapping himself io the tax cloak. For over 200 years Americans have been averse to paying taxes, and it is Mr Mondale's task to persuade the majority that it is others who will be doing so.

Mr Mondale used estimates by the independent Congressional Budget Office (CBO), as a base for his claim that he can reduce the deficit by two thirds by fiscal 1989, which starts on October 1, 1988. That would be the final year of a first Mondale term in the White House if he wins in November. The Administration claims that the CBO figures are highly exaggerated.

Mr Mondale said his programme would reduce the $263bn deficit projected by the CBO to $86bn, a cut of $177bn. Tax increases would contribute $85bn to the reduction, falling principally on corporations and on individual families earning more than $25,000 a year.

Spending would increase by $30bn a year, primarily on domestic programmes such as education and the environment, with cuts of $8bn in other unspecified areas. Defence spending would be cut by $25bn, mainly through cancellation of big-ticket items that Mr Reagan regards as key elements of his strategic build-up – the B-1 intercontinen-

Continued on Page 20

Prior's departure leads to UK Cabinet shuffle

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

BRITISH Cabinet and ministerial changes announced yesterday include the appointment of a new Northern Ireland secretary, Mr Douglas Hurd, who will take over from Mr James Prior. Mr Prior is leaving the Government to become chairman of GEC, the electronic and engineering group.

Mr Hurd, at present a Minister of State at the Home Office, has been knocking on the door of tha Cabinet for some time. His appointment signals no new initiative, since be is principally regarded as a reticent and unspectacular administrator and negotiator.

Mr Hurd, aged 54, is a former diplomat and Foreign Office minister. He has also written a number of *successful political thrillers*, including one entitled Vote to Kill on an Irish *terrorist* plot against the Prime Minister.

Mrs Margaret Thatcher last night announced a limited series of other ministerial changes.

The moves will not affect the political balance of the Cabinet, and Mrs Thatcher will wait 12 to 18 months for a big shake-up of her ministerial team in preparation for the next general election.

Apart *from* Mr Prior, only Lord Cockfield, the Chancellor of the Duchy of Lancaster, and Lord Bellwin, Minister of State for Local Government, are resigning, both voluntarily.

Lord Cockfield, along with Mr Stanley Clinton Davis, a former La*bour MP and junior minister*, are to serve as the two nominated British Commissioners in Brussels for four years from next January. Lord Cockfield has served as Trade Secretary and as a Treasury Minister. The nomination of Mr Davis, wbo was an MP until the last general election and bas been a critic of the European Economic Community, was made after consultations with Mr Neil Kinnock, leader of the Labour opposition.

The only othar *Cabinet level* cbange is the appointment of Mr David Young, the chairman of the Manpower Services Commission, as Minister without portfolio. He will become a life peer with a similar wide-ranging remit on economic matters to that of Lord Cockfield.

Editorial comment, Page 18

Bonn faces another battle over wages

BY RUPERT CORNWELL IN BONN

ANOTHER wage battle is approaching in West Germany, this time over the demand of the main ÖTV public servants unioo for a 5 per cent increase coupled with 10 extra days of paid holiday a year.

The three parties in the country's coalition Government, which will have the daunting task of bargaining with ÖTV, attacked the claim at the weekend.

By adding an effective 10 per cent to wage costs of some 2.3m state-employed workers, the claim would threaten the Government's success in bringing down the budget deficit, they said. It might also jeopardise the ambitious DM 20bn ($6.7bn) two-stage tax reduction package planned by 1988, according to critics of the union.

Count *Otto Lambsdorff*, the former Economics Minister, accused ÖTV of wanting to provoke serious new labour disruption this autumn. "The claim is politically motivated, as were those in the engineering and printing sectors earlier this year," he declared.

Tha union has set its sights considerably higher than the 3.3 per cent increase (coupled with a cut in the working week from 40 to 38.5 bours) won by engineering workers, and followed in several other important branches of industry.

ÖTV feels its claim is justified. Frau Monika Wulf-Mathies, its president, bas argued that public service workers bave lagged behind

Continued on Page 20

Bonn and steelmakers meet, Page 3

Australia sets terms for foreign banks

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR PAUL KEATING, the Australian Treasurer, yesterday invited foreign banks to submit applications by November 23 for an unspecified number of new banking licences. His decision, which follows several years of debate over the issue, seems likely to touch off a fresh round of intense lobbying by leading U.S., European, Japanese and other Asian institutions. The new licences will be formally granted in early 1985.

At the same time, a limited Australian banking licence is to the Bank of China, the Chinese foreign trade bank, as a special case. That follows talks last February between Chinese officials and Mr Bob Hawke, the Australian Prime Minister, who is keen to strengthen ties between the two countries.

The Government would like to see at least 50 per cent Australian equity in the proposed new banks, although Mr Keating said the level of foreign ownership might exceed 50 per cent if the potential economic *benefits were great enough*.

The invitation to foreign banks after the decision to throw open the previously insulated Australian banking market is the latest in a series of financiel reforms initiated by Mr Hawke's Labor Government, *which has already floated* tha Australian dollar and scrapped most foreign exchange controls.

The government bas not said how many new banking licences it is prepared to grant. Nor bas it specified minimum terms or conditions. It is open to the applicants to state what they are prepared to offer. Only then will the Government make specific decisions on the number of new entrants, their geographic spread and the balance of foreign and local equity.

Mr Keating said it was unlikely that many applicants would want to set up large retail branch networks.

Among foreign banks, only the Bank of New Zealand and Banque Nationale de Paris bave full banking licences at present. More than 100 foreign banks have representative offices in Australia and many bave finance company, merchant bank or money market subsidiaries.

U.S. move on high tech code

By Nancy Dunne in Washington

THE U.S. Commerce Department last night gave way to pressure from the U.S. business community and foreign governments in proposing a revised set of rules governing multipla shipments of strategically sensitive products.

A set of proposals made in January elicited more than 250 comments, many of them outraged, from the individual companies, trade associations and U.S. trading partners. The rules, designed to tighten the programme of distribution licences, which allows multiple shipments on a single licence, restricted the use of such licences to companies with proven compliance records, required lists of expected end-users from U.S. customers and imposed other extra-territorial requirements on consignees.

The revised rules represent a considerable modificatioo of the originals. They place a greater empbasis on "self-policing" by the U.S. companies while at the same tima establishing an extensive pre-licence review process

CONTENTS

Electronic equipment bound for Moscow found in N-cargo ship

OSTEND, Belgium – Salvagers have retrieved two crates of sophisticated electronic equipment bound for the Soviet Union which had been washed out of the sunken French freighter, Mont-Louis, officials said.

Environment Ministry officials said one of the crates came ashore on the beach of Wenduine, a resort north-east of Ostend. Another box was found floating near the wreck of the ship.

The Mont-Louis, which was also carrying a cargo of poisonous uranium hexafluoride, sank on August 25 after a collision with a ferry.

Both crates carried inscriptions in Russian and identified the manufacturer as the French electronics company, Thomson, the officials said.

Flemish Nationalist Senator Oswald van Ooteghem said at the weekend that the freighter was carrying French weapons and high-technology equipment to the Soviet Union.

Gale-force winds and a heavy swell forced an empty barrel out of the Mont Louis' holds overnight, but salvagers easily spotted the bright yellow container and lifted it on to a working platform moored alongside, the Belgian officials said.

They said Belgian naval craft were fighting an oil slick one kilometre long which had seeped out of the Mont Louis, but force eight winds and four-metre waves made any other work around the wreck impossible today.

A second working pontoon, which salvagers had planned to moor next to the wreck to break the waves and provide some shelter, was tugged back to the port of Antwerp after its 10-tonne anchors were damaged in the storm, they said. Reuter

PAUL BETTS adds from Paris: The French Maritime Ministry declined to disclose the contents or nature of the cargo en route to Moscow before the ship sank.

Socialist pressure to pull Spain out of Nato

By David White in Madrid

A STRONGER-than-expected lobby in favour of outright withdrawal from Nato has emerged in Spain's ruling Socialist Party in the run up to a party congress in December.

Roughly a third of regional party meetings held over the weekend to prepare for the national congress passed anti-Nato resolution, rejecting the leadership's more moderate stance.

The line taken by the party in December will have a crucial bearing on the outcome of a referendum on the Nato issue promised by the Government for next year.

The argument pits the "official" line of the party, which is ambiguous on Spain's future in Nato but seems to point towards a continuation of the status quo, against the "critical" or "left" faction which favours neutrality.

Spain joined the alliance just over two years ago but the process of integration into Nato's military structure was halted shortly afterwards when the Socialists won power.

Opponents of Nato membership within the cabinet of Sr Felipe Gonzalez have in the interim appeared to moderate their position because of the potential problems raised by withdrawal, both externally and internally.

However, the Nato question has now become the main factor dividing the different factions within the party, more than arguments over economic policy.

The Socialist-leaning trade union federation, the Union General de Trabajadores (UGT), has already expressed its opposition to Nato. This was reaffirmed yesterday by its leader Sr Nicolas Redondo, but he said that the union would accept the decision of the Socialist congress.

The congress will be the first the party has held since its general election victory in October 1982.

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MEPs SET TO CONTINUE BLOCK ON FUNDS

UK rebate unlikely to be cleared

BY QUENTIN PEEL IN BRUSSELS

BRITAIN'S hopes of getting back its 1983 EEC budget rebate of Ecu 750m (£450m) from the European Parliament are likely to be dashed again this week, because of the continuing deadlock over a supplementary budget for 1984.

European MPs meet in Strasbourg from today to debtate the continuing EEC budget crisis precipitated by Britain's insistence on long-term spending controls, particularly on financing form surpluses.

In spite of the fury of British mebers, and the diplomatic efforts of several EEC governments, including Ireland, the current president, and France, the MEPs remain adamant that they will not release the outstanding cash before more money is forthcoming for the current year.

The debate is likely to be further complicated by the dispute between the European Commission and the Council of Ministers over just how much money is available, and is needed, to fund agricultural spending for the rest of the year. Whereas budget ministers believe they can cut the spending gap to only Ecu 1bn, the Comission contends it will need at least Ecu 500m more.

Mr Christopher Tugendhat, the comissioner responsible for the Budget, will put the Commission's case to the MEPs today, arguing that member governments have over-estimated the revenues available.

However, Mr Jim O'Keeffe, the Irish minister who is chairman of the Budget Council, will be seeking to persuade MEPs that sufficient progress has between Britain and its partners to approve the 1983 rebate.

British negotiators at last weke's Budget Council conceded for the first time that some extra finance could and should be made available for the 1984 over-spending. But they insisted that prior agreement must be reached on long term budget discipline, on how and when the EEC's revenues are to be increased, and on how and when the 1983 and 1984 budgets rebates will be paid.

The budget is the one area on which the European Parliament has effective power over both the Commission and the Council of Ministers, apart from sacking all the commissioners. MEPs have formally agreed that no rebate will be paid before the 1984 cash crisis is resolved.

Brendan Keenan adds from Dublin: The broad outlines of Commission proposals on the accession of Spain and Portugal are expected to be presented to the special foreign ministers meeting in Dublin today.

Officials here suggest the most that can be expected today is agreement to put specific proposals to Spain and Portugal as a firm basis for negotiation. The main problem is how to absorb Spain's massive wine and olive oil production in a Community with a surplus of both.

Reduction ordered in car and lorry noise

BY OUR BRUSSELS CORRESPONDENT

EUROPE'S MOTOR manufacturers have been ordered to reduce by almost half the noise levels of the cars and lorries they produce in the EEC under a regulation approved last week by the Council of Ministers.

The move, to come into effect from January 1, coincides with a European Commission proposal to cut motor-cycle noise levels by the same average level, but only from October, 1986.

The regulations for motor vehicles were greeted with concern yesterday by officials at Britain's Society of Motor Manufacturers and Traders, who argued that the transitional period for introducing quieter models was too short, and that the restrictions would also add significantly to costs.

The average noise reduction for all types of motor vehicle under the EEC regulations is of just under three decibels, which amounts to a cut in actual noise levels of almost half, according to the Commission.

The regulations apply to all models introduced after January 1, and to all vehicles being manufactured from 1989. Cars must comply with a maximum noise level of 77 decibels, light commercial vehicles with 78-83 decibels, and heavy goods vehicles with 81-84.

The proposed motor cycle restrictions would bring the whole of the EEC into line with several countries which have already adopted similar noise levels, including Italy, Belgium, Czechoslovakia and Spain.

However, Mr Edward Wilson, director of the International Office of Motorcycle Manufacturers in Paris, warned that they could add between 10 and 12 per cent to the price of new models.

Dollar forecast to remain strong for years

BY PHILIP STEPHENS IN BRUSSELS

THE STRENGTH of the dollar against major currencies is not a temporary phenomenon caused by high U.S. interest rates but is based firmly on the superior performance of the U.S. economy, a leading West German economist said yesterday.

The implication, according to Dr Herbert Giersch, president of the Kiel Institute of World Economies, is that the U.S. currency is not greatly overvalued and will remain close to present levels for several years.

He told a meeting of businessmen organised by the Conference Board that forecasts of a collapse in the dollar's value as the U.S. current account deficit widens ignore the fundamental factors underpinning the currency. The dollar's rise in recent years reflects the much faster adjustment process in the U.S. than in Europe during the 1970s to prepare for faster economic growth.

The capital inflows financing the U.S. current account deficit were not "induced" financing reflecting the combination of a tight monetary and a loose fiscal policy, Dr Giersch said. Instead, they are voluntary flows mirroring the success of the U.S. economy in raising profits to levels which match the present high real interest rates.

This "flagship" theory of the U.S. economy implies that until Europe catches up—by cutting real wages, raising profitability in line with high interest rates and adapting to technological change—foreign funds continue to sustain the dollar.

Dr Giersch said that this adjustment to faster growth in Europe may well take between five and ten years. He contrasted the flexibility of the U.S. economy, with wages falling in line with shortages of capital, deregulation of major industries, and the creation of millions of new jobs with what he termed the "Euroclerosis" afflicting countries on this side of the Atlantic.

Real wages in Europe are probably about 10-15 per cent too high, he said, while innovation remains stifled by corporatism, state controls and excessive trade union power.

The adjustment process needed to catch up with the U.S. could be shortened by a concerted movement towards freer trade, but the prospects appear dim for the next few years.

Europe's best hope, he said, is that the demand provided by the U.S. trade deficit will boost the profitability of investment in its export sector, transmitting some of the driving power for sustainable growth from the U.S. This will depend, however, on businessmen appreciating the dollar is likely to remain strong over the medium term.

EUROPEAN NEWS

Pressure on Kremlin allies 'aimed at frustrating the West'

BY DAVID BUCHAN IN LONDON

THE RECENT successful Soviet pressure put on the leaders of East Germany and Bulgaria to cancel visits to West Germany are part of a wider Kremlin effort to frustrate the Western policy of "differentiation" in favour of certain East European countries.

This was spelt out by Mr Mikhail Gorbachev, the second ranking Soviet Politburo member, in a weekend speech in Sofia at celebrations to mark 40 years of communist rule in Bulgaria.

According to this "notorious differentiated policy", Mr Gorbachev said, "the imperialists insolently state their right to punish some socialist countries and to reward other ones."

But Mr Gorbachev, who appears to retain under President Konstantin Chernenko the prominence he won under Yuri Andropov, warned that "in the fight which imperialism is imposing upon our community, *no one can stay aloof*".

The message was clear: Moscow's East European allies must toe the Soviet line and, in the present icy state of East-West relations, must not reciprocate Western overtures.

The corollary of the new Soviet strategy is that if any thaw is to come from the East, it will come from Moscow first. Soviet officials said yesterday that Mr Andrei Gromyko, the Soviet Foreign Minister, was ready to go to Washington after this month's UN General Assembly to meet President Reagan, if the latter wished it.

At the same time, Marshal Sergei Akhhromeyev, the new Soviet Chief of Staff, described as "just a regular change" his sudden replacement of Marshal Nikolai Ogarkov last week

Western analysts have been left largely in the dark by the announcement of Marshal Ogarkov's transfer to "other duties", an evident demotion for the Soviet Union's top soldier

In an unusual television interview, broadcast from Moscow on *U.S. television*, and evidently intended to defuse crisis talk, the new Chief of Staff said that Mr Chernenko was carrying out his duties.

Military issues, in particular whether the relatively weak Soviet economy can match the Reagan administration's increased spending on weapons without re-engaging Washington in arms control talks, are at the core of Kremlin policy concerns.

French Communists find nerve to make the break

Paul Betts watches the death throes of the Union of the Left

THE FRENCH Communists have just hammered the final nail into the coffin of the unhappy, often stormy Communist-Socialist alliance by announcing that they no longer see themselves as part of the parliamentary majority. Although they have yet to cross formally to the opposition benches, this will without doubt happen at the end of the year, when the party votes against the Government's 1985 austerity budget.

This will mark the end of a 13-year period, in which Socialists and Communists linked up in a so-called Union of the Left to topple the Right and secure the reins of power. It will leave the Socialists to rule alone, while the Communists strive to regain support among the working class and try to reverse their recent alarming electoral decline.

The depth of feeling and bitterness the divorce is causing emerged in the open at the weekend. M Lionel Jospin, the first secretary of the Socialist party, put the blame squarely on the Communists. He accused them of first pulling out of the coalition government this summer and now of the parliamentary majority to resolve their own internal crisis.

Communist participation in government had increased the internal tensions over the historic role and future of the party. "Withdrawing the Communist ministers from the Government meant putting an end to the ferment, the agitation, and the contradictions," M Jospin suggested, adding: "In a country like ours, a party which does not debate is a party which no longer breathes . . ."

President Francois Mitterrand said in an interview this week that he expected the Communists to go into opposition quickly. In any case he added, the Union of the Left had been dead since 1977—the year of the first split in the alliance which led to the defeat of the Left in the 1978 legislative elections.

The Communists blame the divorce on the Socialist Government's economic austerity policies and the breach in the left-wing coalition programme of 1981. After a three-month silence, M George Marchais, the Communist secretary general, said at the weekend during the party's annual popular rally—the *fete de l'Humonité*—that the Communists "had no responsibility for the running of the country," that the new budget "will be a bad one," and that the party was now launching "a large gathering of popular forces in the country."

After hesitating for several months, the Communists have decided to go back to basics and revert to their traditional and familiar role of a working class opposition party. The reformists *(or renovateurs)* in the party have been silenced. The old Stalinist guard has reasserted its control.

M Marchais, under whose leadership the party has sunk in 12 years from more than 20 per cent of the popular vote to 11.28 per cent in last June's European elections, has

After hesitating for several months, the Communists have decided to return to basics and revert to their traditional role of a working class opposition party. *The reformists have been silenced.* The Stalinist old guard has reasserted its control.

managed to salvage his political career by forcing through the separation with the Socialists. He now seems certain to be re-elected as secretary general at the party's 25th Congress next February. Three months ago be was regarded as on bis way out.

The truculent leader—depicted on a French national television satirical show these days as the Muppet Miss Piggy—felt increasingly uncomfortable with the party's co-operation in government with the Socialists.

As the Socialists changed their economic policy, replacing expansion with austerity and announcing large restructurings in key industrial sectors, M Marchais found himself following an increasingly ambiguous political line with *one foot* in government and the other outside. By doing the splits, the party ended up confusing its own rank-and-file as well as increasingly infuriating its Socialist partners.

M Marchais, who is at his best *in a clear cut opposition role*, and several other top party members decided immediately *after* the European elections that the time had come to pull out. The idea was to withdraw on the budget debate, but President Mitterrand accelerated the timetable by appointing M Laurent Fabius to replace M Pierre Mauroy as Prime Minister in July.

This caught the Communists by surprise but did not bring about any changes in their fundamental strategy. Internally, the strategy was to silence the reformist voices and close ranks around the old guard.

Externally, the strategy was to prepare the new opposition line criticising the Government's economic policies, trying to win back its popular base, attracting the votes of discontented members of other parties, and hardening the position of the pro-Communist CGT union.

The first salvoes were fired in August against the Government's approach to the troubles of the motor industry. The party's main economic spokesman, *M Philippe Herzog*, then attacked broad industrial policy claiming that restructuring cannot be achieved simply by dismissing thousands of workers.

The attack was subsequently broadened to cover M Fabius, of whom the Communists have always been deeply suspicious.

M Fabius, in his first major television appearance since becoming Prime Minister, said last week he considered the Communists still to be members of the majority. He pointed out that they had so far not voted against the new Government.

The Communists immediately reacted by stating that they no longer regarded themselves as belonging to the majority. At the weekend, during the *Fête de l'Humanité*, they buried the Union of the Left, for good it seems.

By reverting to a hard opposition line, the Communists have resolved some of their short-term internal problems but not their fundamental difficulties. The move has certainly restored the influence, increasingly questioned, of the party leadership. It has also lifted the confusion within the CGT union. But it is by no means certain that it will ultimately help the party halt its steady electoral decline.

The hesitation in calling for an all-out confrontation over the Government's economic and industrial policies appears to reflect the concern of the Communist leadership that the rank-and-file may not respond. In the Citroen labour dispute, the CGT has been remarkably cautious, and the car plants are all working relatively smoothly despite Citroen's controversial redundancies.

Most striking is the sense of fatigue in the working population towards the wave of industrial restructurings, ranging from the motor to the coal industries. This sentiment will inevitably weigh heavily against the Communist party's *efforts* to rally around itself what M Marchais called at the weekend "a great gathering of popular forces"—a sort of "*union* of the base" to replace the Union of the Left.

The current changes in the party's policies towards the new Government and its relationship in general with the Socialists are essentially an internal French affair. None the less it could also relate more broadly to the freeze in East-West relations

The Soviet Union certainly favoured the departure of the Communists from the French Government. But perhaps it is only a coincidence that the French Communists have decided to sharpen their attack on the Socialists just as a number of East European political leaders are postponing visits to West Germany.

Bonn and steelmakers set to fight subsidy extension

BY OUR BONN CORRESPONDENT

THE BONN Government and the powerful West German steel industry yesterday signalled that they would tolerate no extension of national subsidies for EEC steelmakers beyond the agreed phase out date of end-1985.

The coincidence of the separate statements reflects the renewed suspicion here that some member governments, notably those of Italy and France, are pressing for the deadline to be extended, for fear of massive difficulties upon a return to freemarket conditions.

Herr Martin Bangemann, the West German Economics Minister, warned that any postponement could undermine the entire steel policy of the Community.

For its part, the country's iron and steel industry federation issued a "position paper" at the weekend whose essence is that if the 1985 date is not respected, then West German steelmakers will demand substantial direct assistance from Bonn to enable them to compete against subsidised producers elsewhere in the EEC.

According to figures here the industry, the largest in the Community, receives only DM 3bn *(£790m)* of aid annually. This compares with the sums equivalent to DM 30bn, DM 27.4bn and DM 20bn spent by Italy, Britain and France respectively on propping up their smaller industries in the seven and a half years to mid-1983.

Women queue longer for fewer goods in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

WOMEN HAVE been bit hardest by Poland's chronic day-to-day shortages leaving them with much less free time than men. This is one of the preliminary conclusions of a continuing survey this year by the Government's Central Statistical Office on how Poles spend their time.

Only Poland and Hungary in the Soviet bloc admit to carrying out this kind of survey and, what is more, publish the results. In this case these show male workers insulated to an extent from the effect of the shortages in the shops which the authorities admit are the greatest single threat to political stability.

People are using over 20 per cent more time shopping each day than at the time of the last study in 1976. Women have 24 per cent less leisure time than men who admit to five and a half hours a day.

The average Polish woman spends five hours and 17 minutes away from the house on tasks connected with running the home; men spend just over two hours.

Bank forecasts slower growth next year

By Our Nordic Correspondent

SWEDISH economic growth will slow again in 1985 after peaking this year, according to Svenska Handelsbanken, one of the country's leading banks.

The bank expects GNP growth to decline to 1.8 per cent compared with 3.1 per cent this year and 2.3 per cent in 1983.

The economy's strong recovery this year has been fuelled by booming exports, but latest reports from the Board of Commerce show them to have slowed considerably in the second quarter.

Swedish market shares fell from the admittedly abnormally high level of the first quarter. In May and June the rise in the value of imports exceeded the rise in exports for the first time in many months.

Mr Carl Johan Aberg, Under-Secretary at the Department of Trade, warned that the development in foreign trade was "disturbing." The recovery over the past year has made many people believe that the crisis is over, he said, but it is not.

The Handelsbanken forecasts that export growth next year will be much less than in 1984, partly because Swedish costs are rising more swiftly than in some of the country's main trading competitors, such as West Germany.

Sweden struggles to live with a pushy neighbour

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDEN'S Social Democratic Government is pressing ahead with attempts to "normalise" relations with the Soviet Union, despite its latest battle with Moscow over violations of its territory and in the face of deep rumblings of discontent from the non-Socialist oppositinn parties.

Last Friday the Government, with opposition backing, intensified its diplomatic protest over the *Soviet Union's "serions"* violation of Swedish air space last month.

On August 9 a Soviet fighter broke away from an exercise over the Baltic and pursued a Swedisb airliner carrying 270 passengers over the island of Gotland.

The intruder was in Swedish air space for nearly five minutes coming to within 2 kms of the airliner before turning away. Swedisb fighters were scrambled from their base in the south but arrived too late.

Last week Moscow brusbed *aside* Sweden's *first mild* oral protest, claiming that it could not "confirm" that it was a Soviet aircraft.

The incident and Stockholm's response highlights the tightrope the Social Democratic administration is walking in trying to ease relations with Moscow while leaving no doubt about its commitment to defending its territory.

No Swedisb cabinet minister has visited Moscow since a Soviet Whisky-class submarine ran aground in late 1981 close to Sweden's main naval base at Karlskrona. A year later, underwater craft, described as mini submarines, were said to have penetrated Swedish waters close to Stockholm. Again the blame was placed firmly on the Soviet Union.

It is against this background that the Government and, in particular, Mr Olof Palme, the Prime Minister, have been trying to warm the chilly relations with Moscow. Mr Palme met Mr Andrei Gromyko, the Soviet Foreign Minister, in January at the beginning of the Stockholm Security Conference and has been at pains ever since to interpret positively Mr Gromyko's expressions of goodwill and his denial that Soviet submarines have repeatedly penetrated Swedish waters.

Again on Friday, Mr Palme said the air violation could have been a mistake. Therefore the visit to Moscow next month by Mr Curt Boström, the Swedish Transport Minister, should *go* ahead.

Mr Anders Thunborg, the Defence Minister, dismissed the Soviet response, however.

The latest issue of Jane's *Fighting Ships*, the British defence publication, claims that Soviet penetration of Swedisb waters continues unabated.

ACROW PLC, for many years one of Britain's leading engineering firms, has gone into receivership. And as a consequence, many world renowned businesses which were operating under the Acrow plc umbrella are now available for purchase.

Set out below are outline details of the businesses together with the Joint Receivers who may be contacted at Cork Gully (address below) for further information:

COLES CRANES LIMITED

COLES

Coles Cranes, which celebrated its centenary in 1979, is Europe's leading manufacturer of mobile cranes. The major proportion of Coles' production is exported through the company's worldwide distributor network, which provides an uniquely comprehensive after-sales back-up. Allied to this is a valuable international parts and service operation.

The firm is based in Sunderland and Grantham with sites of 99 acres/850,000 sq.ft. of floor space and 10.5 acres/140,000 sq.ft. of floor space respectively. Year end March 1984 turnover was £64 million, and the firm employs 1400 people in the UK, France and Germany.

Coles' product range includes cranes ranging in size from 12 to 135 tonnes together with mobile access platforms. The firm includes a crane repair and renovating operation with facilities for up-dating all makes of mobile crane.

Joint Receivers: Michael A. Jordan · Paul F.M. Shewell

PRIESTMAN BROS. LIMITED

PRIESTMAN

With over 100 years in the earth moving and construction equipment business, Priestman has a reputation for quality and reliability that is second to none.

The firm is based in Hull and had a year end March 1984 turnover of £15 million employing 340 people on a 63 acre freehold site that houses 350,000 sq.ft. of floor space.

Priestman Bros. manufacture hydraulic excavators, crawler-mounted cranes, grab-dredging cranes, pedestal cranes for off-shore oil platforms, hydraulic grabs and slewing rings. They also distribute mini-excavators.

During the last year the firm has successfully introduced the first variable counterweight long-reach excavator to the world marketplace.

Joint Receivers: Michael A. Jordan · J. Martin Iredale.

THOS. STOREY (ENGINEERS) LIMITED

In 30 years Thos. Storey has grown to become a world leader and the company's bridging and ferrying equipment is known in practically every country in the world.

Storey's success is based on four kinds of equipment. These are the Bailey Bridge, the Acrow Panel Bridge, its big brother, the Acrow Heavy Bridge, and the Uniflote flotation equipment.

Based in Stockport on a 12 acre site with 232,000 sq.ft. of floor space, the firm employs 314 people and recorded a year end March 1984 turnover of £12.5 million.

Joint Receivers: John D. Naylor · Cyril W. Nield

ACROW (ENGINEERS) LIMITED

ACROW ENGINEERS

For many decades Acrow Engineers have been leading specialists in the design, manufacture and hire of formwork, falsework and scaffolding for the building and civil engineering industries.

Based in Saffron Walden, Essex the firm has over 26 branch offices throughout the UK and Middle East producing a year end March 1984 turnover of £12 million. Currently the firm employs 560 people and in the UK has a 34.5 acre site with 400,000 sq.ft. of factory space. The site includes stores, offices, canteen, and sports ground along with undeveloped land and a galvanising plant.

The firm has a very strong UK new-product-development programme for worldwide use.

Joint Receivers: Michael A. Jordan · Christopher J. Hughes.

BENTALL SIMPLEX LIMITED

BENTALL SIMPLEX
Bentall Simplex Ltd.

Bentall Simplex employs 182 people on an 11.25 acre site at Maldon, Essex with 226,000 sq.ft. of floor space. As the premier manufacturer of grain-storage equipment in Britain, the year end March 1984 turnover was £10.5 million. The order book stands at £1.5m and enquiry leads are high.

The range includes large silos, continuous flow-dryers, grain-drying and storage systems, elevators and conveyors. In addition, they manufacture feed processing factories for farmers worldwide and are continuously contracting to build complete installations for the drying, storage and handling of cereals, for the production of animal feed stuffs, and for the processing of coffee on plantations.

Joint Receivers: Gerry A. Weiss · John M. Thompson.

ACROW STORAGE EQUIPMENT LIMITED

ACROW Storage Equipment

Based in Harefield, Middlesex, Acrow Storage Equipment manufactures warehouse storage systems for all markets, but are particularly strong in warehouse and material handling systems for chain stores and other retail outlets.

In addition, its range covers front-of-store display units and all types of space-saving, static and mobile storage systems.

There exists a country-wide network of fully equipped installation teams, with a comprehensive after-sales and safety inspection service.

The firm's year end March 1984 turnover was £6.75 million and has 160 employees on a six acre site with 167,000 sq.ft. of floor space.

Joint Receivers: Gerry A. Weiss · John M. Thompson.

ADAMSON CONTAINERS LIMITED

Based in Stockport, Adamson Containers are the largest manufacturers of steel-clad freight containers in Europe, with a capacity of some 12,000 units per annum. Opened in 1978, a semi-automated factory accounts for over half of the 230,000 sq.ft. of floor space on the 14.2 acre site.

The firm's 207 employees build containers for all the world's major shipping and leasing companies, and manufacture special mini-containers for off-shore oil operations and defence industries.

Accommodation units, site security units and steel pallets also contributed to the firm's year end March 1984 turnover of £5.6 million.

Joint Receivers: John D. Naylor · Cyril W. Nield.

STEELS ENGINEERING LIMITED

Steels Engineering are pipework manufacturing and contracting engineers to industry offering the highest technical skills in design, manufacturing and site-engineering.

Based in Sunderland, the firm employs 145 people on a 1.2 acre site with 11,300 sq.ft. of office floor space, and recorded a year end March 1984 turnover of £4 million.

Major clients include, British Nuclear Fuels, Paper Manufacturers, and Power Stations throughout the world. The firm's Marine Division specialises in piping systems for many of the worlds ship-owners and ship-builders.

Joint Receivers: J. Martin Iredale · Trevor C. Middleton.

ACROW CRANE & HOIST LIMITED

Employing 18 people with a year end March 1984 turnover of £750,000 the firm is based in Stockport and manufactures high-technology hoists and cranes with or without explosion-proof protection.

The firm also refurbishes overhead electric travelling cranes.

Joint Receivers: John D. Naylor · Cyril W. Nield.

CRAWLEY (REFRIGERATION) LIMITED

ACRO-KOOL

Based in Saffron Walden, Essex, the firm manufactures water coolers, chilled beverage dispensers, mobile refrigeration units and mobile water-purification units.

Crawley has the major share of the drinking water cooler market in the UK and had a year end March 1984 turnover of £670,000 employing fourteen people.

Joint Receivers: John D. Naylor · Christopher J. Hughes.

All enquiries concerning any of the above businesses should be made to the Joint Receivers concerned at: c/o Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ. Telephone: 01-606 7700. Telex: 884730.

Cork Gully C&L

Rama Rao returns home with followers to curfew

BY JOHN ELLIOT IN HYDERABAD

MR N T Rama Rao, former film star and deposed Chief Minister of the Indian State of Andhra Pradesh, returned yesterday to his state capital of Hyderabad hidden in an old van, leading more than 160 of his political followers in coaches through deserted streets.

The procession, guarded by 10 police jeeps and cars, was robbed of a huge reception by a curfew imposed after the city's worst communal riots for about 30 years – dozens of shops were destroyed and several people lost their lives on Sunday.

Only a few people – including some groups of troops – waved as the convoy travelled through the city. Because Mr Rama Rao had no mass audience he stayed shut in his van.

Mr Rama Rao and his followers – members of the state legislature who have been in voluntary exile from Andhra Pradesh for three weeks – returned to attend a meeting of the state assembly scheduled for this morning to decide whether he or the state's new Chief Minister, Mr Bhaskara Rao, should be in power.

Yesterday the political camps blamed each other for inflaming the Hindu Moslem riots on Sunday in order to force the introduction of a curfew – and even possibly the introduction of President's rule from New Delhi – in order to stop today's assembly meeting from taking place.

Hindu-Moslem clashes are common in the ancient city of Hyderabad where both communities are strong. Often the riots are exploited by political activists.

On Sunday a usually colourful and impressive procession celebrating the festival of the elephant god Ganesh became the vehicle from which Hindu extremists launched attacks on Moslem shops, hotels and restaurants along the procession route.

For the first time in 30 years, according to residents, the attack took place in the modern shopping centre of the city as well as in the old city where they are usually confined.

Yesterday as troops swung lathis – (long bamboo truncheons) playing children and stray cattle nosed through rubbish in broken shop fronts – Moslem shopkeepers clambered through broken glass and furniture as they entered the sometimes still smouldering ruins of their shops. They estimated damage at tens of thousands of dollars.

Last night the curfew was relaxed in some areas but political tension rose as Mr M K Wali, secretary of the Home Ministry in New Delhi, flew in for urgent talks so underlining the direct role of Mrs Indira Gandhi, Prime Minister, in the affair.

The speaker of the state parliament – political agent to Mrs Gandhi in the last election in an Andhra Pradesh constituency – refused to meet Mr Rama Rao and other political opposition leaders to discuss arrangements for today's meeting.

The problem for Mrs Gandhi – who wants Mr Rama Rao out of power in the run up to India's general election – is that the former film actor appears still to have a majority of 163 in the 294 seat assembly.

His supporters spent the last three weeks visiting New Delhi and then touring the neighbouring state of Karnataka.

They have been avoiding pressure from their opponents to switch sides. Induced by substantial gifts and other bribes 10 to 20 of them are thought to be vulnerable if they came under pressure.

Opec crude output 'falls sharply'

Crude oil output by members of the Organisation of Petroleum Exporting Countries (Opec) fell sharply in August, the Middle East Economic Survey said yesterday, Reuter reports from Nicosia.

Output was estimated at roughly 16.4m barrels a day (bpd) in August —1.1m bpd below Opec's self-imposed production ceiling, compared with 17.8m bpd in July, the survey added.

Estimated output was only slightly over the projected 16.2m bpd of Opec crude needed to meet non-Communist world consumption in the third quarter, it said.

Iraqi naval attack

Iraqi war aircraft have attacked a "large naval target" south of the Iranian oil terminal at Kharg Island in the Gulf, Baghdad Radio said yesterday, Reuter reports.

The statement, from a military spokesman, did not identify the target. The term "large naval target" is often used by Baghdad to refer to an oil tanker. There was no immediate independent confirmation of the Iraqi attack.

Guerrilla base raided

Israeli jets have raided a Palestinian guerrilla base near the central Lebanese town of Bhamdoun, an Israeli army spokesman said yesterday, Reuter reports from Tel Aviv.

The aircraft had hit a base of the Democratic Front for the Liberation of Palestine, destroying a three-storey building, the spokesman added. All the Israeli aircraft had returned safely, the army added.

Youths stone school

Youths stoned a school and two delivery vans in Johannesburg's Black township of Soweto yesterday in continuing unrest which has claimed about 40 lives in the past fortnight, police told Reuter in Johannesburg.

The police did not intervene and the youths dispersed after plundering a lorry. Meanwhile, police with fresh detention orders were hunting for seven opposition leaders freed from prison by a judge.

Tanaka backs Nakasone to stay on as PM

BY JUREK MARTIN IN TOKYO

MR KAKUEI TANAKA, Japan's former Prime Minister and still its principal political kingmaker, yesterday as good as endorsed at least another year in office for the present incumbent, Mr Yasuhiro Nakasone.

Mr Tanaka, who rarely speaks in public these days, told a meeting of young members of his political faction that the current two-year term of the presidency of the ruling Liberal Democratic Party, which in effect carries with it the Prime Ministership, was too short and should be extended to three years.

In November, the LDP is to select its next leader. Mr Nakasone is generally considered to be the favourite, mainly because it is assumed that he has Mr Tanaka's tacit backing.

But this has not prevented backstage manoeuvering by his potential rivals, including approaches to Mr Tanaka, and questions have even been raised about the solidity of Mr Tanaka's support for Mr Nakasone.

His statement can be expected to pre-empt at least some of this speculation. The general interpretation in Tokyo last night was that in choosing to speak about the party president's term, Mr Tanaka was coming as close to an outright endorsement of Mr Nakasone as he is ever likely to do.

He said the current two year rule had only been "temporarily" imposed eight years ago as a way of defusing the factional intra-party rivalry especially rife at the time.

It should be overturned, he suggested, by a vote of two thirds of the LDP MPs and replaced with a three-year term that allowed for the possibility of a president serving two consecutive terms.

He did not, however, state when he thought such a change should be put in effect and this, in turn, could be a message for Mr Nakasone.

It is not thought Mr Tanaka is so enamoured of the Prime Minister as to give him a minimum of five years in power (the two he has already served, plus three more).

Thus, he may be suggesting, indirectly, that the price of his support for Mr Nakasone in November is that the Prime Minister agree to step aside after another year, by which time he would have served three years — after which the three-year regime could take effect.

Such a plan might have broad appeal inside the party at large, because the LDP traditionally shares out the political spoils.

It has its generation of so-called "new leaders"—Mr Shintora Abe, Mr Kiichi Miyazawa, Mr Noburo Takeshita and others—who, it is felt, should not be kept waiting too long.

Their patrons, factional elders such as Mr Zenko Suzuki and Mr Takeo Fukuda, both former Prime Ministers, have even been canvassing for someone to run against Mr Nakasone now.

Such an alternative candidate would have to be acceptable to Mr Tanaka and would agree to serve as a caretaker president for perhaps only a year. He has not yet, however, been found.

Mr Kakuei Tanaka (top) and Mr Yasuhiro Nakasone

Philippines, IMF progress

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES has ended almost 11 months of talks with the International Monetary Fund (IMF), with the Government confident that a SDR 615m (£370m) standby credit will be approved this month.

Mr Jose Fernandez, the Central Bank Governor, yesterday said that the most recent IMF mission extended its stay in Manila to study more extensively all the elements of the economic programmes and targets set by the Government. "We have discussed and resolved all major issues and I hope that no minor issues arise before the approval," Mr Fernandez said. The IMF mission left last week.

Mr Fernandez told a news conference last month that he expected IMF approval within 30 days. Yesterday, he said that, "if I were optimistic at that time, I am even more optimistic today."

The Governor added that, after the letter of intent is approved, simultaneous negotiations will be conducted with the country's commercial creditors and with the official creditors under the Paris Club for the rescheduling of some of the country's $25bn debt.

Philippine negotiations with the IMF had been stalled because of the Government's failure to meet some of the conditions attached to the credit, including controls in money supply and domestic liquidity, and a flexible peso exchange rate.

Government sources said the last hitch is the multiple exchange rate system in effect in Manila. The IMF considers a multiple exchange rate system a form of foreign exchange control.

● The Philippine military refused to comment yesterday on a newspaper report linking it to the murder last year of opposition leader Benigno Aquino, reports Reuter from Manila.

A San Francisco newspaper had quoted a member of an official Commission investigating the murder as saying: "The military is involved, no question."

According to the San Francisco Examiner, panel member Dante Santos said: "You don't have to sit down for 10 months to know that."

Mr Aquino was shot dead at Manila airport on August 21 last year. The military, which provided escorts on his arrival from the U.S. said he was killed by an alleged Communist agent, Mr Rolando Galman.

South Korean deficit revised upwards

By Ann Charters in Seoul

SOUTH KOREA'S current account deficit on the balance of payments is likely to reach $1.5bn ($1.15bn) by the end of the year — up significantly from the $1bn anticipated earlier.

The South Korea Development Institute, a government-funded economic "think tank," in revising the forecast, attributes the change to higher-than-expected imports in the first six months of this year and a deterioration in the invisible trade account expected in the latter half.

Higher international interest rates have increased South Korea's debt service payments and the continued fall in overseas construction payments is expected to result in a $150m deficit for invisibles and net transfers for the year.

Gross National Product growth rate for 1984 is projected at 8.1 per cent, compared to 9.5 per cent in real terms for last year.

Ethiopia congress approves 10-year economic plan

NAIROBI—The congress of Ethiopia's ruling Marxist-Leninist Party has approved a 10-year economic plan that would provide a "springboard for the construction of a Socialist society" while forging closer links with the Soviet bloc, the state radio said.

"With regard to our foreign economic relations, the guideline indicates that we shall further extend and consolidate our relations with the Socialist world and henceforth give our serious attention to the building of a strong and independent Socialist economy," it quoted the report as saying.

Priority will be given to agriculture, although its development will be inter-related with that of industry in the impoverished Horn of Africa country, according to the Ethiopian broadcast monitored here.

The guideline was based on Ethiopia's experiences in regulating the economy in a "planned manner" in recent years and on the experiences of "fraternal countries," it said, using the description normally employed for members of the Soviet bloc.

The plan stated that it was necessary to raise food production by expanding state farms and organising farmers into co-operatives to ensure self-sufficiency and an "emergency surplus."

Ethiopia is one of the drought-hit countries in Africa, and the recipient of food and shipments from the West, including the U.S., despite ideological differences.

More than 5m Ethiopians are affected by the shortages, according to a recent United Nations report.

● The first legal political party in Ethiopia's history was inaugurated yesterday when the congress set up the Marxist-Leninist Workers Party in Ethiopia (WPE).

Agencies

China arrests four over '1967 massacre'

By Mark Baker in Peking

CHINA has arrested four people it claims were responsible for massacres during the Cultural Revolution in which more than 112 people were killed.

The four — reported to have led two separate rebel gangs in Southern China — are believed to be the first people arrested in several years for alleged Cultural Revolution crimes.

The official Chinese Press has reported during the past few days the arrest of three people in Canton and another in Chongqing who are claimed to have been hiding their identities since the Cultural Revolution.

The Canton three, a woman, Wang Yawen, and two men, Zhao Muzhe and Huang Niangzhou, were arrested for "planning and directing" a massacre in which party officials and peasants were rounded up and executed in a mountain area of Haifeng County, east of Canton, in late 1967.

Debt crisis 'is being rapidly resolved'

WASHINGTON – Despite considerable recent concern to the contrary, the international debt crisis is being resolved more rapidly than anticipated, a new study concludes.

According to Mr William Cline, a Senior Fellow at the Institute for International Economics (IIE), a Washington-based think tank, commercial banks could resume lending to Mexico and Brazil on a voluntary basis as early as 1986-87, but restoration of Argentina's creditworthiness is likely to take longer.

Alarm over rising dollar interest rates, over Argentina's failure to reach agreement with the International Monetary Fund (IMF) and over the possibility of a new banking crisis following the collapse of Continental Illinois have all tended to mask a remarkable improvement in the balance of payments positions of many major debtor nations, Mr Cline says.

Moreover, the debt-crisis expert concludes, economic growth prospects for debt-heavy nations are probably considerably better than first anticipated although still not good enough to save the 1980s as a whole from being a "lost decade" for most debtor nations in terms of improvements in percapita income levels.

AP-DJ

Will Nestlé bring its condensed milk to the supermarket? **Terry Dodsworth** reports

Hopes raised for sweet-toothed Americans

THERE IS a small, totally uninfluential, but highly fanatical group of consumers for whom the proposed Nestlé acquisition of Carnation, the U.S. processed foods company, raises ooly one significant issue. Will it make Nestlés condensed milk available in the U.S. market?

Nestlé is a leading producer of tinned condensed milk in Western Europe, whare it wins high marks from the cognoscenti for its particular blend of the syrupy nectar. Yet its cans are woefully absent from U.S. supermarket shelves.

Oddly, at least to a European, Carnation's own, equally gooey brand is also inexplicably missing in America. Carnatinn makes what its annual report calls a "sweetened" condensed milk in the UK, Italy, Australia, Malaysia, Nigeria, Peru, Singapore and South Africa. But in North America it has opted out of the market, sticking to its canned evaporated milk, the unsweetened variety of the tinned product.

Carnation's absence from the market seems to be mainly explained by the high degree of specialisation which characterises much of the processed milk business in the U.S. Potential competitors dn do not tread unduly on each others' toes in these mature segments of the industry, though the companies concerned, whicb have well-earned taciturn reputations, would never openly admit it.

Will Nestlé's sell its condensed milk in the U.S. if it acquires Carnation? A small group of devotees of the canned confection fervently hopes so. The product, an American invention of more than 100 years ago, formed the foundation of what looks set to become the world's largest processed food company.

Thus one of Carnation's principal competitors in evaporated milk until a few years ago was Borden, a 127-year-old New Ynrk company, whose foundation predates its West Coast rival's by almost half a century. But Borden threw in the towel on evaporated products in the 1960s, concentrating its efforts on the condensed variety.

If that move reduced competition, it as least reflected tho historical base of both companies. Carnation was built on the technology of evaporation, which removes water from milk and preserves the concentrated product through a hermetical sealing process at high temperature. Borden, by contrast, grew nut of the invention of the condensed variety, wbicb similarly removes water, but mainly uses sugar as a preservative.

Nestlé came on the scene rather later, essentially plagiarising the American idea: the Page brothers, one of whom is said to have worked for Borden, moved out to Switzerland, set up a condensed milk business, and established the company on the sugary foundations which now look set to make it into the largest processed food company in the world.

Mr Gail Borden, the founder of Borden, was himself a remarkable character, a true rolling stone who tried his hand with a fair degree of success at a variety of occupations, including journalism, before hitting it big with condensed milk.

The story goes that he saw the need for condensed milk when sailing back across the Atlantic after being awarded a gold medal by Queen Victoria for the invention of a debydrated biscuit. The problems of children drinking contaminated milk on board ship prompted his search for a way of condensing *and* preserving the product. He patented his discovery in 1857, had his company rolling by the time the Civil War came along, and cleaned up financially supplying the Union front lioes.

Mr Burden's lovo of the product which made his fortune would strike a chord with any of the sweet-toothed fanatics who stock up their fridges with the stuff (it is better taken cold, like an Alsatian wine). While still a working executive at the company, he had a tombstone carved out in the shape of a condensed milk can and placed on his chosen burial site

Sadly, the mock can was removed after his death, but Borden lives nn as a diversified food and chemicals company, running uo sales of $4.3bn last year. It also appears to bave a virtual monopoly of the U.S. condensed milk market, mainly through two brands, Eagle (the original) and Magnolia.

Borden says that these, along with its other milk nroducts—fresh milk, powdered milk, ice cream and so on—account for about two thirds of its sales. Condensed milk, almost 130 years after its birth, also remains the group's second best profit spinner.

Borden made a total of $160.4m profits after tax last year, so there must be some agreeable margins tied up in those little

Bank Bills face crucial tests in Congress

By Paul Taylor in New Ynrk

THE U.S. Senate was due yesterday to resume dicussion of an Administration-backed Bill which would allow banks to further expand into the financial services industry.

Seperately the House of Representatives is continuing discussion a key Bill which wonid shore-up the sagging 50-year-old barriers between the banking and securities industry.

The two Bills, both of which face crucial tests this week, como amid a fierce lobbying campaign hy powerful proponents and nppenents within the financial services industry. They also reflect a widening debate, spurred by concern about the bealth of the U.S. banking system, about whether the process of hanking deregulation should be accelerated or reversed

Both Bills would close certain loopholes in U.S. banking law. In particular they would seek to block non-banking companies such as Merrill Lynch, the leading Wall Street firm, from offoring banking services. But the House Bill, proposed by Rep Fernand St Germaine, goes considerahly further in tho restrictions it wnuld impose.

One provision would extend the Glass Steagall Act, which attempts to separate commercial banking from the securities industry, to thrift institutions. If passed, the Bill could force several no-bank companies such as Sears Roebuck, tho Chicago retailing group, wblch owns a 93-branch California savings and loan association and Dean Witter Reynolds, the Wall Street firm, tn divest at least one of these businesses.

In contrast Seneator Jake Garn's Bill, which has already been the subject of a lengthy fillibuster debate on the Senate floor spearbeaded by opponents of a provision which wnuld officially sanction the move towards regional inter-state banking networks, would greatly expand banking powers. In particular it would formally allow banks to underwrite mortgage backed securities and municipal bonds.

GM plans offer to union on job security

By Terry Dodsworth in New Ynrk

NEGOTIATIONS over a three-year wages contract in the U.S. motor industry moved into higher gear yesterday when General Motors said that it waa planning a response to the United Anto Workers' demands for job security improvements.

GM, selected last week as *the nnlon's main bargaining* opponent and strike target, gave no details of its *proposals*, bnt the initiativo answers recent criticism that the company was failing to makc any move towards substantive negotiations.

Mr Owen Bieber, the UAW president, said at the weekend that the company had not given the union any opportunity to start meaningful bargaining.

Anxieties over GM's position have been mounting recently because the two sides have only this week to reach a settlement before running into the strike deadline at midnight on Friday.

The issue of job security is widely regarded as the key to reaching an agreement. GM bas been particularly aggressive over the past two years in its moves to buy more parts and built-up cars from outside the U.S., thus reducing the number of jobs

The union has taken issue with tho GM policy after being hit by substantial job cuts caused by the recessinn in tho industry which ended last year. Although the number of jobs has increased again over the last 12 months, thero is no likelihood that they will approach pre-recession levels again.

In its original demands, the UAW asked for the industry to create non-auto jobs to replace work lost in the indnstry, some arrangement with suppliers for preferential treatment for laid-off car workers, and the expansion of the present pilot programmes on guaranteed employment.

It is widely felt that if the management moves some way towards accepting these proposals it will be able to achieve a moderate agreement on pay.

Latin Americans to call for debt summit

BY JIMMY BURNS IN BUENOS AIRES

A RENEWED call for a summit of Western governments and Third World nations to look at ways of tackling debt problems is expected to be the main initiative of a regional meeting this week in the Argentine seaside resort of Mar del Plata.

Following preparatory meetings today and tomorrow foreign and finance ministers from 11 Latin American countries will gather on Thursday and Friday to consolidate the common front set up at the Cartagena meeting of these nations in June. The talks take place in advance of the annual meetin of the International Monetary Fund in Washington on September 23.

Argentine officials hosting the meeting expect to reiterate the Cartagena and London economic summit calls for a new global strategy for dealing with the region's $350bn (£275m) debt with the emphasis again on the lowering of interest rates and dropping of protectionist barriers.

The aim will be to take some constructive proposals to the IMF meeting. "We are seeking a dialogue, not confrontation," said Sr Arturo O'Connell, a senior member of the Argentine delegation, yesterday.

The Mar del Plata meeting is expected to call again for the setting up, possibly under the auspices of the IMF, of new mechanisms capable of channelling capital to the Third World. These would aim to help heavily indebted countries with their balance of payments problems and to compensate for fluctuations in commodity prices.

Officials said yesterday that the meeting was likely to take as its cue some broad proposals set out by Colombian President and host of the Cartagena meeting, Sr Belisario Betancur, in a personal letter to Argentine President, Sr Raul Alfonsin, last Friday.

It is understood that Sr Alfonsin's address to the meeting, scheduled for Thursday morning, will emphasise his hopes for a democratic regional solidarity, and underline the need for a strategy of co-operation with industrialised countries, based on the recognition that creditor nations have had a major share of responsibility for the region's inability to pay its debts.

Officials said yesterday that an initial call for a north-south dialogue on Third World debt problems had received a favourable response from France and was expected to be discussed further by EEC officials in Brussels this week.

Nevertheless, delegates at Mar del Plata have accepted that the Reagan Administration will be unlikely to join any major debt summit, at least until after the U.S. Presidential elections—even though the U.S. endorsed proposals to persuade international lending agencies to ease the flow of new funds to the region.

The cautious attitude being adopted by the Argentine delegation contrasts with the run-up to the Cartagena summit in June. Bankers believe that the Argentine Government is reluctant to make any statement at this stage that might negatively affect its own debt negotiations, which have entered a crucial stage.

Argentina wants to delay bridging loan repayment

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ARGENTINA IS to ask its commercial bank creditors today to extend Saturday's deadline for repayment of $750m (£590m) due on a $1.1bn bridging loan assembled by the banks last year.

The request will be put before a meeting of leading creditor banks in New York, and although the banks are widely aware of Argentina's desire for a fresh payments delay, it was uncertain last night how the committee of leading creditors will react. The talks may last several days.

Bankers say much depends on the tone of a report they expect to be sent from the International Monetary Fund on the state of negotiations with the Government of President Raul Alfonsin over a new economic stabilisation programme.

Optimism in Buenos Aires over progress in these talks is still being treated with caution in the banking community, but bankers have welcomed recent signs of a tougher stance on the part of the Government, including a reduction in real wages to combat Argentina's 650 per cent annual inflation rate.

A further issue confronting today's meeting is the mechanics of meeting Saturday's deadline. Banks could either agree to extend the $750m payment date, or they could allow Argentina to draw the outstanding $1bn from last year's $1.5bn medium term loan so that the money could be used to repay the bridge facility.

W. Germans join outcry over U.S. textile curbs

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY'S textile manufacturers have joined the chorus of protest against stringent new U.S. curbs on textile imports.

They are concerned that their comparatively modest volume of textile exports to the U.S. will be hit by tighter U.S. rules about the origin of materials used in textile goods. They are also alarmed at the prospect of spending more time filling in forms and of disclosing business secrets about the source and value of materials used.

Herr Ernst-Guenter Plutte, president of Gesamttextil, the industry association, yesterday called on Herr Martin Bangemann, the federal economics minister, to use his influence to tone down the U.S. measures.

Although developing countries have been strongest in their criticism of the U.S. curbs, other industrial countries have also been reacting uneasily. The textile moves could further irritate Bonn, which has already been ruffled by U.S. measures to monitor and curb high-technology exports to Eastern Europe.

The U.S. claims that the new "country of origin" rules are aimed at halting evasion of U.S. textile import quotas by foreign manufacturers who ship partially - completed textile materials to other countries for re-export to the U.S.

But gessamttextil said yesterday that U.S. demands for information about the origin and value of intermediate materials and the value of manufacturers' own work were "highly indiscreet" and bordering on commercial espionage."

A Gesamttextil official said that companies would be overburdened with totally unnecessary paperwork. Some small companies would probably just give up attempts to export to the U.S. in the face of the bureaucracy involved.

However, the textile manufacturers are hoping that the U.S. can be persuaded to modify its regulations—at least to reduce the amount of form-filling required.

The West Germans exported about DM 445m (£118m) worth of textile materials and clothing to the U.S. last year, little more than 2 per cent of total West German textile exports of DM 19.8bn. Export earnings in the U.S. were well up on the DM 322m earned in 1982.

Banks wary of Sudan oil project

By Christian Tyler, Trade Editor

THE FINANCING of a big oil pipeline project in the Sudan is still not in place nearly a year after the contract was awarded.

According to the International Finance Corporation, the World Bank affiliate which has a small equity stake in the project, there are "strong indications of bank support," but no commitment yet.

A group of about eight banks led by Arab Petroleum Investments Corporation (Apicorp) was supposed to be providing $280m over seven and a half or eight years. The IFC was to provide $80m and the Overseas Private Investment Corporation of the U.S. another $50m.

The first stage of the contract was awarded to an Italian consortium of Snamprogetti and Saipem—an award that drew protests from other bidders. But work was halted after guerrilla attacks by non-Moslem protestors in the area.

The apparent reluctance of the banks to commit themselves to the Apicorp-led financing is despite the unprecedented decision of Sudan's creditors to exclude the project from future reschedulings.

Barter 'against developing nations' interest'

BY ANDREW GOWERS

RIGID countertrade policies—requiring that exporters to a country buy a set amount of goods from it in return—are not in any developing nation's long-term interests, according to a report just published by the Economist Intelligence Unit.

Referring to Indonesia, which since 1982 has required that companies doing business with it engage in countertrade, it says there is a danger that other developing countries may follow suit, which could result in a dramatic escalation in the volume of trade conducted on a barter basis and a consequent disruption of commodity markets.

The report,* produced by Mr Stephen Jones of consultants Produce Studies, takes a particularly critical view of countertrade involving surplus bulk commodities such as oil, coffee and rubber. This is the most frequent type of countertrade and that preferred by Western companies.

In most cases, the study argues, a country is probably further harming its markets by attempting to offload through countertrade surplus commodities which it could not sell by conventional methods.

"In practice, the countertrading of bulk commodities usually means either that the developing country displaces its own commercial exports or that it is trying to steal market share away from a competitor in a finite market" — which may result, it says, in a free-for-all.

Countertrade using manufactured or processed products, while possibly of more value to developing countries, is extremely difficult to conduct, the study points out.

Potential problems include the difficulty of mustering sufficient supplies, poor quality, uncompetitive prices and import barriers in the West.

The report suggests that developing countries may find advantages in countertrade in individual cases, but should always carefully weigh up the pros and cons. Equally, Western companies may find it profitable to help Third World countries with countertrade-based deals at times — as a means of improving the countries' marketing, for example, and assisting them to earn foreign exchange with which to pay for imports.

* *North/South countertrade — barter and reciprocal trade with developing countries. Price £100 from Economist Intelligence Unit, Spencer House, 27 St James's Place, London SW1A 1NT.*

China brings in soft loans for imports

PEKING—The Bank of China (BOC) and the China Industrial and Commercial Bank (CICB) have started new soft loan facilities for Chinese borrowers, a move aimed at speeding up technology imports, China Economic News said.

BOC has allocated $400m this year for an import financing scheme for technical transformation of existing enterprises importing foreign equipment, while CICB is issuing mixed foreign exchange and Chinese currency loans for the same purpose, it said.

Both schemes provide for borrowers from 14 coastal cities open to foreign investment and business, it said.

BOC loans carry 4 per cent annual interest with three to five year maturities, the journal said.

The borrower repays in foreign exchange if it is a foreign exchange earner, otherwise it can repay in Chinese currency.

BOC subsidises the shortfall from normal loan rates. Chinese rates differ with the kind of loan but a BOC spokesman said the current annual market rate for provision of floating funds to factories is 7.2 per cent.

The CICB scheme covers an initial total equivalent to yuan 1bn (£318m). Reuter

Fluor studying expansion of Saudi pipeline

BY RICHARD JOHNS

FLUOR, the U.S. engineering company, is understood to be doing a preliminary study on behalf of the Arabian American Oil Company on an expansion in the capacity of the Saudi crude oil pipeline from the Eastern Province to the Red Sea.

An increase in capacity could be needed to accommodate Iraqi oil when the link with its southern fields, with a throughput of 500,000-600,000 b/d, is completed in two years or so.

Fluor declined to comment on the work but it is thought to be looking at the possibility of "looping" the pipeline to Yanbu which has a current capacity of 1.85m b/d with the aim of raising it to 2.45m b/d.

Recently throughput is said to have been running at about 1.3m b/d including only about 500,000 b/d of exports, despite higher insurance and freight rates for shipping in the Gulf.

An extra 25 cents per barrel over and above official selling prices is charged for the oil pumped through the facility. It also serves the export refinery owned by Petromin and Mobil which came on stream last month, as well as plants at Riyadh, Yanbu and Jeddah geared to satisfying local demand.

Iraq is expected to announce soon contracts for the 630-kilometre-long link from near Zubair to pump station PS3 on the Saudi pipeline. Brown and Root, another U.S. company, has the contract for engineering and construction management for the project designed to give Iraq another outlet for its oil exports in addition to the one via pipeline to Turkey's south-east Mediterranean coast.

Later an independent pipeline from southern Iraq to the Red Sea, where a separate terminal would be built, is envisaged. The total cost of both phases has been put at $2.5bn.

Dowty explains Brazil delay

THE DOWTY GROUP, a leading British maker of mining equipment, said delays in carrying out its $21m contract with a Brazilian mining company were due to squabbling over the location of the local manufacturing content, Ian Rodger reports.

Under the contract, awarded in April, Dowty would supply long wall mining faces for a major new coal mine for CRM, the Rio Grande do Sul state-owned mining company.

Dowty said it had planned to carry out the bulk of the local manufacturing—mainly of steel roof and floor beams—in Sao Paulo state. Now there were political pressures for more of the work to be done in Rio Grande do Sul state. The dispute between the two states was currently being resolved.

Air Liquide wins contracts

PARIS—Major French gas producer Air Liquide said it had won two contracts in South Africa and South Korea worth a total of FFr 415m ($36m).

The South African contract, worth FFr 250m, has been concluded with Sasol to provide an oxygen plant.

The plant, at Secunda, will have a production capacity of 2,500 tonnes a day.

The South Korean contract is with the state-owned Pohang Iron and Steel for the delivery of two air separation units, each with a production capacity of 460 tonnes of oxygen a day.

Reuter

Patrick Blum reports on Vienna's objections to tighter restrictions on transit and bulk distribution trade

Why Austria resists Washington's high-tech controls

AUSTRIA will resist pressures from the U.S. to adopt U.S.-inspired controls over technology transfers to the Warsaw Pact countries and will refuse to sign any formal agreement to that effect. Austrian officials argue that any such agreement would give the U.S. legal rights over transactions in Austria, unacceptable given the nation's status as an independent neutral state.

Austria's unwillingness to comply with U.S. demands reflects its reluctance to be drawn too closely into the political conflict between East and West or to be seen to side openly with either major power bloc.

Austria's geographical position, sharing borders with several East European states with which it has long and close links, marks it out from other neutral countries. Direct access to Eastern Europe is easy and difficult to control. Transit trade is also a source of considerable earnings for Austria.

The U.S. is hoping for a clear commitment from the Austrians that they will be taking firm action to ensure western technology is not transferred through Austria to the East bloc. Austria sees current talks with the U.S. as an exercise in stating its position, not as negotiations on changing it.

A U.S. official in Vienna said: "If Austria wants to develop an antonomous system, that's fine. We're just looking for some sort of systematic control. We would be happy to have a formal agreement, but in the end it's the results that count."

Austria is not a member of the Paris-based Co-ordinating Committee, which monitors and rules on high-tech shipments to strategically dubious nations. Members are Nato countries, except Iceland, the U.S., and Japan.

The Austrians are adamant they will not sign a formal agreement. "We have never signed such an agreement and we would refuse to sign one," says Herr Ferdinand Lacina, minister for transport and the nationalised industries. He says Austria is willing to control technology, but only to the extent that its neutral status allows it.

U.S. officials, realising that a formal agreement is unlikely, are backing off and seeking a more informal approach, leaving open the possibility of tougher action. The U.S. wants tighter controls, especially on transit freight and on equipment imported into Austria under bulk distribution licences.

The Austrians, however, reply that they have no control over transit shipments. "These remain outside the Austrian customs zone. We can't stop transit. It is out of our control and that's one of the misunderstandings on the U.S. side," says Dr Gustav Fischer, head of the licensing department at the Trade Ministry.

The U.S. is also concerned at the lack of sanctions against offenders. According to Austrian law, a trader who re-exports goods destined for the home market or wrongly describes goods for re-export will be denied further export licences.

On rare ocasions, he may be taken to court if it can be proved that he intended to break the law.

"We can't be blamed if a U.S. exporter is exporting an item under control and against regulations. For an item to come through Austria, it has got to have clearance from the country of origin." The holes in the net of controls were on the original exporter's side, Dr Fischer maintains.

Under existing Austrian regulations, imports to Austria require an import certificate from the trade ministry. This prohibits re-export. Transit shipments are not subject to the same control.

The U.S. argues that lack of controls over transit shipments allows equipment to be sent to the East bloc with impunity. It is also concerned that bulk shipments under U.S. distribution licences are easily diverted to the East bloc.

Herr Lacina says that Austria is being used as a scapegoat in quarrels between different departments in the U.S. administration. U.S. officials deny this, arguing that what the U.S. wants from Austria it also wants from every other country.

In the current talks, the U.S. will be pressing Austria to tighten import procedures and checks, introduce tougher enforcement and punishment for offenders, increase co-operation and the flow of information on transit shipments, and apply to bulk shipments the same regime as is now being applied for distribution licences in the U.S.

"You need a paper trail for every piece of technology," the U.S. official says. This approach will strengthen the Austrian view that the U.S. wants controls so widely applied as to be impossible to carry out effectively.

UK NEWS

Talbot UK goes back into loss in first half

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TALBOT UK, which in 1983 made its first profit for 10 years, slipped back into the red in the first half of 1984 because of problems with its cootract to supply car kits to Iran. The company is the British subsidiary of Peugeot-Citroēo of France.

In the six months to end-June Talbot suffered a net loss of £1.89m compared with a profit of £1.539m for the same period last year.

Mr Geoffrey Whalen, who took over as chief executive this year from Mr George Turnbull, said yesterday that the deterioration was due to a reduction in sales to Iran, from 46,224 kits in the first half of 1983 to 22,232 in January–June this year.

Delays in letters of credit from Iran – Talbot is thought to have been waiting for £15m – caused 750 employees to be laid off for six weeks at the Stoke, Coveotry, eogine plant.

Production of the kits, which are based on the old Hillman Hunter and sold in Iran as the Peykan, started again only oo September 4.

Mr Whalen yesterday gave no forecast of full-year results because so much depends oo whether the Iranians contioue to supply letters of credit.

If the money comes through, Talbot should be able to make up the shortfall and supply 80,000 kits to Iran this year, compared with a breakeveo level of 50,000. In 1983 Talbot shipped 87,840 kits and the cootract – worth about £125m last year – was mainly responsible for the net profit of £3.1m for the year, compared with a loss of £45.7m for 1982.

The company, formerly known as Chrysler UK and reoamed after being acquired by Peugeot-Citroēn in 1979, made a profit in 1973 and subsequently accumulated losses totalling £392.2m.

Talbot continues to bear substantial reorganisatioo and redundancy costs – £1.12m in the first half of this year compared with £1.57m in the same period of 1983.

At the end of June, Talbot UK had 6,300 employees (including those in its wholly owned retail outlets), a reduction of over 11 per ceot from the 7,109 in December last year.

Mr Whalen said that UK sales of Peugeot and Talbot cars, sold together through a merged dealer network, continued at a "satisfactory level" and that the company was benefiting increasingly from the success of the Peugeot 205 "supermini" range.

By the end of August, Peugeot-Talbot had sold 53,412 cars for a 4.14 per cent market share, down from 62,443 and a share of 4.64 per cent in the first eight mooths of 1983. Mr Whaleo expects to hold the Peugeot-Talbot penetration at about 4.5 per cent for the full year, down from 4.87 per ceot in 1983.

Talbot UK car production in the first half fell from 56,773 to 56,839, almost entirely due to the reduction of kits for Tran.

Talbot's turnover fell from £292.6m in the first half to £266.4m. The operating profit was down from £8.1m to £3.9m. Interest costs £4.69m in the first balf (£5.07m) and exceptional debits were £1.12m

The return to profitability was a prime factor in the Peugeot group's decision, announced in February, to spend about £20m to modernise the Talbot UK plants and to huild a new range of cars at the Ryton, Coventry, factory

Midland hires BL finance director

By David Lascelles and Kenneth Gooding

THE FINANCE DIRECTOR of the state-owned car group BL is resigning his post to take a top planning job at the Midland Bank. Mr Frank Fitzpatrick, who managed BL's recent public sale of its Jaguar subsidiary, will be io charge of planning and control in the Midland's group finance division.

Mr Fitzpatrick, aged 44, will take up the post next month. He is the latest of a string of outsiders hired by the Midland. The bank has been striving for some time to reverse its poor profitability record and, more receotly, to absorb the buge losses of Crocker National Bank, its Californian subsidiary.

A Midland spokesman said yesterday that the bank bad a policy of placing professional people with an international business background in key positions. Mr Fitzpatrick is understood to have been approached by Mr Michael Julien, Midland's group finance director and himself a former British Leyland treasurer

Mr Fitzpatrick entered the motor business by joining Ford as a graduate trainee. He weot over to Leyland in 1974 where he played a leading role under Sir Michael Edwardes, the theo chairman, in raising government support and bank finance for the struggling car company.

Mr Fitzpatrick would not comment yesterday on the reasons for his move.

Midland, the third largest UK clearing bank, was the first to create a group finance division oearly two years ago. Its major task at preseot is to mastermind Midland's $207m bid for the 43 per cent of Crocker which it does not own.

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Social Democratic Party conference

Jenkins calls for strengthened electoral pact with the Liberals

BY IVOR OWEN IN BUXTON

MR ROY JENKINS, former leader of the Social Democrats aod ex-President of the European Commission, hinted in a major speech to the party assembly at Buxton, Derbyshire, yesterday at the anxiety felt by some senior figures in the party about the handling of relations with the Liberals by Dr David Owen, his successor.

He emphasised the need not only to preserve the existing relationship with the Liberals but to make it closer and strooger if the Alliance was to have a realistic hope of forming a government after the next election.

By implication, he indicated that Dr Oweo oeeded to be more tactful in his dealings with the Liberals and this theme was also apparent in a speech by Mrs Shirley Williams, the party president. She warned: "Divided, we cannot prevail in a harsh political climate."

Underlining the oeed to maintain the Alliance, Mrs Williams said: "We need the Liberals and they need us for as far ahead as we can see to achieve our goals for the country."

Mrs Williams also went out of her way to insist that under Dr Owen's leadership the SDP has not become "a one-man band."

Both Mr Jenkins and Mrs Williams, who shared another common theme in condemning the violence associated with the miners' strike and the Government's handling of the events leading up to it, were accorded standing ovations.

Mr Jenkins said: "The issue is whether we can break out of the bridgehead we have so spectacularly established. I believe we can. The party was formed more than three years ago and gained six seats at the last general election.

"If we can get oearly 26 per cent (of the votes cast at the last election) in two years, we can get 36 per cent in six years," he said.

Mr Jenkins gave a warning about quarrelling with the Liberals, or believing the SDP "can distance ourselves too far from them."

Mr Jenkins strongly endorsed the view of Mrs Williams that the two parties must be able to demonstrate at the next election that "ours is not an alliance of expediency but a lasting alliance of principle."

Dr Owen won important support from Mr Alan Beith, the Liberal Chief Whip. Mr Beith, MP for Berwick upon Tweed, told the SDP conference that the Alliance was now an accepted fact of political life.

Owen urges stand against miners

BY IVOR OWEN

DR DAVID OWEN, the leader of the Social Democratic Party, urged the Governmeot yesterday to stand firm against the striking miners. "We do not want a settlement at any price," be told SDP members at the party conference.

"Although we always want amelioration and compromise to find a middle way there are some people with whom it is almost impossible to reach a compromise, and Arthur Scargill (president of the miners' union) is getting very close," he said.

Dr Owen said the National Coal Board had already come close to conceding more than was reasonable. It was not in the interests of the mining industry or the taxpayers for 15 per ceot of pits to continue to cause annual losses costing £330m.

He urged SDP members to think about the consequences for the 55,000 working miners if the strike leaders were able to claim they had bludgeoned the Government into conceding their demands.

Dr Owen urged the Government to take up the SDP's proposals for "trigger ballots" under which any large group of workers could demand a binding vote oo industrial actioo by union members.

Mr Ian Wrigglesworth, MP for Stockton South and the party's industry spokesman, said trigger ballots would allow the true voice of workers involved in industrial action to be heard.

He accused the miners' leaders of subterfuge in organising a national strike on the basis of regional ballots.

Mr Roy Jenkins, a former joint leader of the party and ex-president of the European Commission, said Mr Ian MacGregor's appointment as chairman of the coal board was an example of Mrs Thatcher making appointments to important public posts on ideological grounds, bringing disaster in its wake.

Mr MacGregor, be said, had been appointed as a "symbol of provocation."

Mr Jenkins accused Mrs Thatcher of providing Britain with a bad government that was getting worse, so that the natioo was now more dangerously geographically split than ever before.

London rail and bus strike called off

RAIL and bus workers' leaders have called off tomorrow's planned one-day strikes which threatened to halt all British Rail, underground and bus services in the London area.

The National Unioo of Railwaymeo said it bad been giveo guarantees by BR and Londoo Regional Transport on consultation over future service cuts and job losses.

● OCCIDENTAL, the U.S. oil company, has discovered a new gas condensate field in the North Sea. Two tests have produced a combined flow of 21m cu ft of gas a day and 2,400 barrels of condensate. British companies involved in the discovery are BP, Lasmo, Taylor Woodrow and Anvil.

● THE VOLUME of shop sales in August was little changed from that in July and sligbtly lower than the average for the second quarter of the year, according to official figures.

The seasonally-adjusted index for the volume of retail sales in August was provisionally estimated at 111.3 (1980 = 100), almost the same as the July figure but ¾ per ceot below the peak level recorded in June.

● THE VICKERS yard at Barrow has won an order worth about £200m to build the sixth Royal Navy Trafalgar class ouclear submarine and has been invited to tender for the next one. It is expected in service in the early 1990s.

The British Shipbuilders' subsidiary, which is to be sold to the private sector, has built or is constructing all but one of the 17 other nuclear submarines in the fleet.

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UK NEWS

Fresh plan by BCal for bigger share of air routes 'rejected'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FRESH PROPOSALS put to the Government yesterday by the independent airlines for a greater share nf routes held hy the state-owned British Airways are believed to have been rejected. The issue has grown into a hitter dispute between BA and the independents, led by British Caledonian.

Sir Adam Thomson, chairman of BCal, held talks yesterday with Mr Nicholas Ridley, Transport Secretary, at which BCal executives presented their new plan for route transfers. That went further than last week's BA proposals for an extension of "dual designation" to permit BCal to compete with BA on various European and long-haul routes.

It appears that Mr Ridley asked BCal to scrap its plan, while Department of Transport officials, with the airlines, tried to draw up a compromise that would hridge the gulf between the two sides.

BCal's plan, if adopted, would have cut BA's share of the UK's overall scheduled air services from the present 80-plus per cent to about 60 per cent. Mr Ridley and his officials found that unacceptable.

Instead, officials of the department are trying with both sides of the airline industry and with other government departments, including the Treasury and Trade and Industry, to find settlement proposals that can be put to the Cabinet when it meets next Thursday.

Sir Adam said yesterday that he had been asked to keep the details of the Government's ideas confidential, although he described them as a "mix" of all those put forward so far.

"But we will not compromise our position," Sir Adam said. "We believe that the Civil Aviation Anthority's original proposals represent the minimum we can accept."

Sir Adam also emphasised BCal's determination to transfer its flying operations from Gatwick to Heathrow if the Government rejected its pleas for more routes. BCal would maintain a maintenance base at Gatwick, but would move its scheduled services "lock, stock and barrel" to Heathrow, so as to be able to compete more effectively with a privatised BA.

It was clear yesterday that the original CAA proposals for route transfers have been effectively rejected by the Government, as damaging not only BA's position but also jeopardising its impending privatisation.

However, the Government cannot entirely endorse BA's own pleas to be left intact, because that would leave the independent airlines at the mercy of a dominant – BCal describes it as a "monopoly" – airline in the world market.

Health food sales increase to £120m

By David Fishlock

THE SPECIALIST health food market, with sales of more than £120m a year, is losing its "cranky" image and gaining from increased interest in healthy eating, according to a study by the British food manufacturing industry's co-operative research association.

The report says the main restraint to growth is the limited number of health food stores and main shopping street locations, but there is "still widespread public reluctance to enter a health food shop." It forecasts that the number of health food stores will increase from 1,300 in 1983 to 1,500 next year.

About 350 manufacturers and distributors are serving the UK market. They are mostly small with the notable exception of Booker Health Foods, the subsidiary of Booker McConnell. According to the report, Booker exerts considerable influence through its wholesaling subsidiary Brewhurst's and its Holland and Barrett retailing chain with its six brand names.

Wide interest in dietary fibre has led to a new generation of products, mostly breakfast cereals, and brought mass appeal for such products as wholemeal bread.

Health Foods in the UK, Leatherhead Food Research Association, Randalls Road, Leatherhead, Surrey

Top U.S. circuit plants 'non-union'

BY OUR LABOUR STAFF

ALL THE main U.S. companies manufacturing integrated circuits are non-union, both in the U.S. and in their European subsidiaries, says the latest European Trade Union Institute report on the electronics and information technology industry.

It says that these companies recognise unions only when forced to by national legislation. In the UK "none nf the majnr U.S. semiconductor companies recognise unions."

They include Texas Instruments, Motorola, National Semiconductor, General Instrument and Hughes Microelectronics. NEC, the Japanese-owned semiconductor plant in the UK, does not have unions either.

In contrast, the UK-based firms – GEC, Plessey, Ferranti and Standard Telephones and Cables – all recognise unions in their UK plants.

The institute calculates that in the UK the number of people employed in the manufacture of circuits is only 10,000 to 15,000 out of 500,000 for the whole electronics sector.

In the U.S., the report says, the Communication Wnrkers of America (CWA) is co-operating with other unions such as the Electrical Workers and Machinists in trying to recruit in this area.

"Efforts have so far been concentrated in the 'East Coast Silicon Valley' along highway 128 near Boston. The CWA has set up a $2m research fund on the companies concerned and is launching a campaign in Silicon Valley California."

The institute also points to an increasing polarisation taking place between highly skilled design, test, and inspection workers on one hand and a number of unskilled machine operators on the other.

European Industrial Policy for the Electronics and Information Technology Sector, ETUI, Boulevard de l' Impératrice, 66, 1000, Brussels.

TECHNOLOGY

EDITED BY ALAN CANE

KODAK STRUGGLES AGAINST A WORLD OF ELECTRONIC IMAGES

Microfilm fights for a future

BY GEOFFREY CHARLISH

KODAK, CONTINUING to make a natural case for the use of microfilm in the electronics-dominated information technology market, has revealed some of its plans for KIMS.

KIMS stands for Kodak Image Management System. It is the photographic giant's view of the way in which modern computer-assisted retrieval of business microfilm records (CAR) can be welded into electronic networks of terminals, printers and other forms of storage.

It is all part of the battle that the film makers seem destined to fight. In the consumer field there will soon be high-definition electronic still cameras that record images in semiconductor stores for direct play-back over the TV set—they already produce quite acceptable results.

In the computing and electronics industry, people are inclined to dismiss micrographics as a technology fighting a rearguard action in the face of developments like high-density magnetic recording and the optical disc.

But the argument is more complicated in that it revolves round exactly what is being recorded and how often is is likely to be accessed.

In banks, building societies and insurance companies there are large numbers of customer documents bearing signatures

Kodak asserts that film-based systems are still the most cost effective

(cheques, policy documents) of which true facsimiles must be kept but which will not be accessed frequently.

They are obviously not a candidate for keyed input. A case might be made for scanning the original document and storing the resulting digital data in the laser optical disc systems now coming on to the market. These are akin to a gramophone record with the groove replaced by very large numbers of microscopic digital pits burned in by the laser. Another laser system "sees" the dots for playback. Astonishing amounts of data can be stored—up to 0.6m A4 documents per 12-inch side.

But the facsimile ability vanishes, so that the original documents might have to be stored, which can be expensive at city centre sites.

GE in the U.S. recently decided to scan the 1.5m microfilmed drawings and production documents in its turbine generator department in Schenectady. Here, more frequent access is involved, from many terminals, some remote. The department is now scanning its existing microfilm records and putting them on the optical disc. They are electronically enhanced and are easily transmitted elsewhere.

The system was developed by Integrated Automation, based on the Thomson CSF optical disc in a "juke box" arrangement. A similar system went into the U.S. Libary of Congress.

Last year Kodak briefly announced work on an optical disc which is now revealed to be 14 inches across with a capacity of about 5,000 megabytes (about 100,000 pages of A4 text). But the way in which this might be integrated into the new KIMS system is not clear at the moment.

In KIMS, the basis for bulk storage remains the roll of 16mm microfilm. The film is accessed using two systems. One is the recently introduced KAR-4000, which allows access to computer files from which summary details of a specific microfilm frame can be displayed, or the frame itself printed from index and location instructions provided on the screen.

Secondly, Kodak now has a system which, obeying "wired" instructions from a remote point, will select a film cassette from a mass store, find a frame, scan it using semiconductor cameras and make the image available as a digit stream.

The images can then be brought up on high resolution cathode ray tube display terminals and can be transmitted by line or radio to remote terminals. These terminals will have buffer stores so that the user can "leaf through" a number of frames on the CRT display.

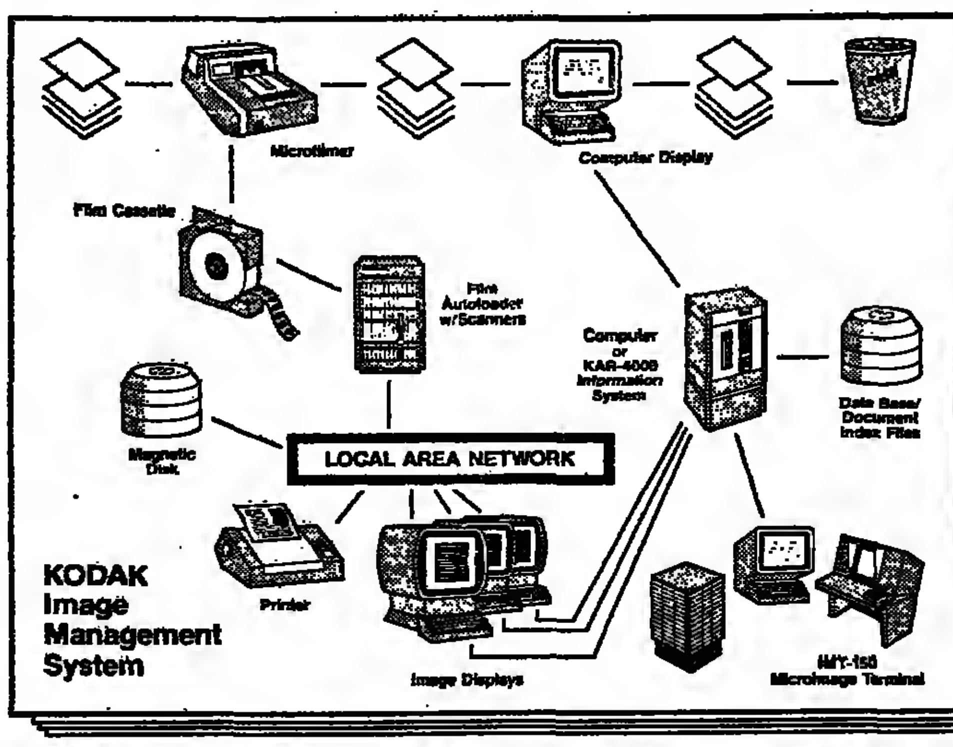
The terminals will also be able to manipulate the images, enlarging or reducing them, removing unwanted detail, and allowing them to be seen at the same time as data coming direct from a computer, using divided screen techniques.

Kodak asserts that film-based systems will continue to serve as the basis for image transmission because they "are still the most cost-effective high-quality method of capturing and storing information."

There are other advantages. Microfilm, given some magnification, is human-readable and is a true copy of the original. What is more, it is a good deal more difficult to tamper with microfilm compared with digitally stored images. To take one frame from a roll, print it to a large size for making alterations, re-microfilm it and replace in on the roll, means reproducing the whole roll, otherwise joins in the film will easily be detected.

If Kodak introduces its new optical disc into the KIMS system it will probably be for non-archival or semi-archival storage of images that need to be accessed more frequently than, say, once per 90 days.

Many of the organisations that need microfilm already use it. For them, KIMS offers a bridge for the blending of film into the other, electronic, systems the companies will need for the future.



The Kodak Image Management System is being developed to provide microfilm users with microimage transmission capability. This system will permit users to scan, digitise, and transmit microfilm images electronically to remote work-stations, greatly increasing the power and flexibility of microfilm data bases

How to pick the next software winner

Professional Personal Computing

BY PHIL MANCHESTER

The danger is that we may all have the same piece of software advising us

THE GREAT triumph of the personal computer has been its ability to bring computer power to individuals. This has happened through the introduction of software packages and ways of using the powers locked up in the machine that were thought impossible in the now ancient days of data processing.

Visicalc was, perhaps, the best example of a piece of software that made the micro useful to those other than programmers. It brought financial computing to small companies.

Visicalc's imitators and its descendants have never had quite the impact that the original did back in the early days of the micro business.

Now, the micro industry is looking around for a follow-on to the Visicalc success.

One of the most likely contenders is in the field of skills training. Much of the emphasis of the Government-backed Alvey project is on the sort of software that will encapsulate human skills in a computer and enable the rest of us to take advantage of them.

But we shall have to wait a few years for the so-called expert system to become as ubiquitous as the Visicalc-style spreadsheet programs are today.

In the meantime, there are other methods of putting human skills on to computers. Human Edge, a California based software company released a batch of packages earlier this year aimed at providing management, sales and marketing skills in the form of a training package on the IBM PC.

The Management Edge, the Sales Edge and the rest are designed to enhance skills in these areas by putting users through their paces in front of a personal computer. It is too early to say how successful this angle will be but it will certainly be interesting to see how it goes.

In the UK, skill-building is being approached from e different angle.

At the London School of Economics, for example, the Decision Analysis Unit is looking at waya that decision-making skills can be helped using a personal computer. Using a system called Maud, the Unit is implementing the ideas of an American psychologist called George Kelly together with those of other thinkers including the Cambridge University mathematician, Frank Ramsey.

Dr Lawrence Phillips of the unit describes Maud as "an interactive system for helping to solve ill-formed problems that are characterised by multiple objectives."

He cites the simple example of choosing a job. In this case the users enter the options open to them—that is a number of different job prospects. The system goes on to request data about the differences between the options entered and asks the user to enter ratings on a scale of one to nine.

The process is repeated until a bank of data about the users' perception of the problem is built up. It then produces an analysis based on those judgments.

"It is very unusual that the scales that you start off with are the ones that you end up with—the process is iterative and can even show you some new insights into the problem," explained Phillips.

Unlike the so-called expert systems currently being developed under the Alvey project and elsewhere, Maud makes no attempt to understand the data—it merely analyses the structure that the user places on it.

The LSE has been experimenting with a more sophisticated version of the same idea for what it calls the Decision Conference.

"The most important part of a Decision Conference is that it gets managers to see a shared view of their problems — very often they will see them only from their own personal perspective," Phillips noted.

Similar work is being done at the University of Bath with a system called Cope. Colin Eden, a researcher at Bath, described Cope as a "system for manipulating ideas" and compared it with a product launched at the beginning of this year by Caxton—the Brainstorm.

"It is much more sophisticated than that and a lot more flexible," Eden said.

Although Cope requires a much larger computer to work effectively, the idea could be transported to a micro especially as they grow in storage capacity.

In light of the sort of product that could be in the pipeline for personal computer users in the future, Eden has some interesting insights into this type of software.

"I think the quantitive approach to problem solving can be misleading. It implies a logic which does not map onto the way the mind works. What we really do when we solve problems is to play around with concepts and ideas—and talk to people," he said.

Personal computers could play an important part in the process of playing around with ideas as a means of enhancing those skills that are difficult to define—how to manage, how to sell and how to make effective decisions.

The danger is that we may all have the same piece of software advising us.

DOCUTEL/Olivetti has cut the suggested retail price of its M18 personal computer range. The portable and desk-top models are to drop in cost by $500. Each machine comes with the MS.DOS 1.25 operating system and a set of eight programmes of business software.

The company says that the price reduction is in response to similar moves by other personal computer makers.

● IBM and Northern Telecom seem to be following the same paths with the IBM PC AT and Northern Telecom's family of Xenix-based Vienna products. Both have chosen to use the Xenix operating system and the same processing chip—the Intel 286—for the machines.

Northern Telecom has already started shipment of the first systems using this combination but sees IBM's move as a step towards a world standard.

● Texas Instruments has also announced an 18.2 Mbyte Winchester Disk for the TI professional computer. This is for business computing applications where several machines are connected together by a local area network and share a common database.

Offshore

Underwater rescue

NEXT MONTH tests begin on a novel lifeboat designed to save divers working underwater on offshore oil rigs. If a diver has to come to the surface in a hurry or is undergoing decompression on the oil platform when some emergency occurs so that the rig has to be evacuated, he faces experiencing the "bends" where oxygen bubbles occur in the blood.

Offshore Marine Engineering has developed the lifeboat which has on-board hyperbaric chamber for divers. This means that they are able to lessen the risks of the highly dangerous "bends."

It can cater for up to 18 divers at a time and in the 9.2 metre version an additional 53 people outside the chamber. Designed to meet many of the requirements of the North Sea, it conformed to British, Norwegian, Dutch and U.S. safety codes. It is, for example, able to withstand hull temperature of more than 1,000 deg C. The hyperbaric chamber can produce pressure equivalent to diving to 450 metres.

Seminar

Better information

A ONE day intensive seminar which examines external telecoms links between trading partners, and ultimately with the consumer, is to be organised by Oyez Scientific and Technical Services of London.

Called "Interbusiness Networking," it will be held at the London Marriott Hotel on September 27.

The conference will look at ways of improving communications between suppliers and customers and also how stock information, cash payments and market intelligence can be transmitted. Topics such as home shopping will also be covered. More on 01-236 4080.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Frederick Harrington

A fair way to trade

By John Kitching

COCKTAIL pubs, working men's clubs, traditional pubs—Geoffrey Harrington has seen them all. But not simply as a customer.

He manufactures and sells pub interiors. "Whatever the client or the brewery wants, we design and supply," says Harrington, 55-year-old chairman and managing director of his family company in Nottingham.

His favourite interior is Victorian. "All mahogany glass and brass, that's my kind of pub." But since diversifying the traditional contract furnishing company Frederick Harrington into pub interiors in the *mid-1960s*, he has learned that the needs and tastes of some clients can differ dramatically from his own.

One of the big challenges for Harrington was getting his company on to the export map, and an early boost was winning a place at the Internorga Hamburg trade fair in 1981.

This was first prize in a competition called "New Exporter for the Eighties" organised by Westminster Chamber of Commerce and the British Overseas Trade Board.

An immediate spin-off was a place, only weeks later, at a fair in Odense, Denmark. The company took a larger stand, and the Harrington interiors caught the eye of Swedes and Norwegians.

"We learned that trade fairs could be very hard work, very time-consuming, but also that they are a useful window for a company such as ours, which can really set out its stall," says Harrington.

The main export markets now are Canada, Abu Dhabi, Dubai, Norway, Sweden and India, where a Raj-style bar is being constructed in Bangalore.

One year after winning the place in Hamburg, Harrington appointed four directors responsible for specific areas of the business. They are Mark Pearce (design); Terry Carter (production); Ray Whitmore (finance) and Jack Robinson (contracts).

Now Harrington says the company is "bulging at the seams" in what he admits are "somewhat Dickensian" premises in the Carrington area of Nottingham. There are hopes of a move from the present 25,000 sq ft building to premises of about 35,000 sq ft within a year.

Order books have "never been fuller," says Harrington. "We're full well into the autumn, and we're terribly optimistic." He hopes that the next step will be a joint venture with a UK brewer in the U.S.

Geoffrey Harrington: trade fairs "a useful window"

But he admits that pub interiors and contract furnishing generally have become popular and highly competitive. Harrington says the main competitors are Morgans of Emsworth, Hants, and Keen of High Wycombe, Bucks.

So what is the style of management that has helped Harrington to grow in the last few years? "Our approach is certainly open door," the chairman says. "Anyone with a problem comes to me, I would like to think."

Design director Pearce, 31, says: "It's a very tightly-knit workforce. We work together, and if we're up against deadlines, *the* hours are put *in*. There is a tremendous pride in the products and the craftsmanship.

Harrington says one of the company's strengths is that it provides a "total pub concept . . . right down to the beer mats and the bric-a-brac, if that is what is required."

Pearce emphasises that the "total package" also applies to cocktail-style bars. He points enthusiastically to a large wooden frame: "It's going to be the portico for an Oslo disco."

The company was set up in 1900 by Harrington's grandfather as a furniture retailer. It switched to manufacturing and to contract furnishing in the late 1950s and early 1960s, during which time it acquired three local companies: an upholsterer, a cabinet maker, and a furniture frame-maker.

"Then we felt a need to diversify," says Harrington. "Local breweries wanted to deal with local firms when equipping pub and club interiors, and we felt that this was an area to move into."

The company won contracts for working men's clubs, sports clubs, and did some work for government bodies such as the Property Services Agency.

Now, pub interiors account for at least 60 per cent of total turnover, and the company employs about 70 people. It expects turnover of about £2m in the year ending September, 1985, about £1.25m expected this year. Turnover on exports could increase by up to 25 per cent in the next year, Harrington says.

"We have a broad base for expansion, underpinned firmly by our domestic markets," he says.

The avuncular Harrington, sometime rugby forward, magistrate and tax commissioner, is in no doubt that the company's priority is to find three or four agents in the U.S.—preferably in California or on the eastern seaboard—through which joint *ventures* with UK breweries could be established.

"We've been consolidating latterly, " says Harrington," improving our machinery for the export front. We've seen a lot of people in our business who have gone under: we feel we have the basis for expansion."

Pressure for prompt payment

THE GOVERNMENT could ease the financial pressures on new firms by forcing big companies to pay their bills more promptly, say the authors of a report just published.

The results of a recent survey by Dr Martin Binks and Philip Vale of Nottingham University* show that "new firms' demand for external finance was increased by the common practice of large and/or established businesses taking extended trade credit" and that the net trade credit outstanding is often "very substantial."

"Legislating for the prompt payment upon receipt of invoice may therefore be an effective way of easing new firms' finance problems in the short run," say the authors.

This and other observations are contained in papers summarising the results of extensive interviews with 100 new independent manufacturing businesses which had been established in the Nottingham area since 1978. Although cautious in their claims and consious that the data was collected during a severe recession, Binks and Vale make a number of detailed suggestions about how policy might be amended and chaged.

They note, for example, that 43 per cent of the firms visited started with less than £5,000 and contrast this with the £5,000 lower limit on borrowers imposed by the Government's Loan Guarantee Scheme. They also argue that the LGS interest rate surcharge subjects companies to a cost disadvantage and thus increases the likelihood of failure. Only 30 per cent of the interviewees, meanwhile, "would entertain the notion of external equity holdings."

Although there has been a proliferation of advisory services for small firms in recent years, Binks and Vale call for more "face to face" counselling and say that advisors need "to take the initiative in contacting new firms rather than waiting for them to seek help in the *event* of problems."

As for premises: "The clear need is to provide appropriate premises at their market price rather than increasing the supply of superior accommodation which new firms would much appreciate but cannot afford."

Significantly, the data collected from the 100 firms interviewed "adds considerable weight to the theory of displacment." Any selective subsidy to one group of firms competing with a group of enterprises not receiving the subsidy, in other words, is likely to increase the rate of closure among the non-qualifying businesses.

"The Nottingham results demonstrated the predominance of competitive pricing among newly established manufacturing businesses and also highlighted the fact that most of the new firms visited perceived their competitors to be other small firms." The authors conclude, however, that until more research is carried out into the reasons for business failure the distortions of policies to encourage start ups cannot be properly assessed.

** The Nottingham survey results are contained in six separate papers, price £3 each, available from Department of Economics, University Park Nottingham NG7 2RD.*

Tim Dickson

'Higher risk' faced by BES fund

SIR MONTY FINNISTON, former chairman of the British Steel Corporation (BSC), is to head the management team of a new fund launched under the Business Expansion Scheme (BES).

As its name implies the Industrial Technology Fund, which is looking for £2m from private investors, will be aiming to back companies with a technology bias.

Besides Sir Monty, who chairs seven companies (among them Butterfield - Harvey, Future Technology Systems, Metals Science and KCA Drilling) and is a director of several others, the board of the management company, Industrial Technology Securities, comprises other successful businessmen.

They include Jan Berglund, formerly Professor of Industrial Engineering at the Royal Institute of Technology, Stockholm, and now the UK-based managing director of the Swedish controlled Habia group of companies which is principally involved with manufacturing components for the communications industry; and Len Whittaker, a chartered engineer who became chairman and managing director of the Radamec group (manufacturers of defence and electronic equipment) as a result of a management buy out.

Sir Monty believes that the new fund has the right combination of industrial, technological and financial skills and, although he does not say so publicly, *clearly* feels *his team* is better equipped to help technology - based companies than most City of London based venture capitalists.

Britain's acknowledged talent for invention and innovation, he says, has unfortunately not been "matched with the financial support necessary to convert these innovations to industrial and commercial advantage."

The initial management fee of 5 per cent plus VAT and the right to subscribe for options up to 10 per cent of the equity of investee companies is roughly par for the BES course at present. Like Granville and Britannia — two other recent established BES funds — ITF thinks that with individuals now starting to

Sir Monty Finniston

consider their tax position for 1984/85 the timing for the launch should be right.

The problem Sir Monty and his team will face is persuading investors to dip into their pockets for a fund which will inevitably be seen as "higher risk" than most of the other more conservatively run BES funds.

● Hoare Octagon Business Expansion Scheme fund, which plans to specialise in the information technology sector, has raised just over £2m from private investors. A spokesman for stockbrokers Hoare Govett says that he was pleased with the response and had never expected the fund to reach its maximum target of £4m.

T. D.

Competition for skilled workers

NEWS THAT Nissan had chosen Washington, Tyne and Wear as the site for its new car plant in the UK has been widely celebrated in the North East of England. The Japanese motor giant's move does not fill Alexander Anderson with any great enthusiasm.

Anderson is the joint managing director of Anson, a small engineering company based at Blaydon, near the Nissan site.

"Millions and millions of pounds of Government money has been poured into this region over the years and as far as I am concerned it has done us no good," says Anderson, whose company employs around 30 people. "Planting big companies in the region may create a few thousand jobs, but among the disadvantages is the fact that they have a chance to cream off the best junior, middle and senior management in the area to the detriment of indigenous companies."

Anderson is not alone in expressing dismay at the exodus of skilled labour and management from local North East companies. Through the success of Anson he is also doing something to reverse the trend. Started in 1981, the company manufactures specialised flow line devices for the oil and petrochemical industries which it has sold to many major customers. Progress is such that new factory premises have been acquired on the Team Valley Trading Estate at Gateshead.

Based on experience gained in the North Sea the company is also about to launch itself into the international market place by attending exhibitions in Moscow this year and Bahrain and Aberdeen in 1985.

Anderson says he can hire unskilled employees locally but in view of his expansion plans is being forced to recruit new skills "from all over the country."

Besides the "know how" built up over many years of engineering, he attributes Anson's achievements so far to a key concentration of quality and reliability. The company's use of technologically advanced equipment is about to be augmented by robotics, and as Anderson says, "Your standards have got to be extremely high. Our competitors are all based in the United States."

National Westminster Bank is banging the drum on Anson's behalf because the company is the 100,000th customer to use its Business Development Loan facility. Launched in the early 1970s, this is a fixed rate lending scheme aimed at the smaller business.

According to NatWest it has proved highly popular with borrowers. In 1983 the Bank lent around £4m under the scheme on the back of some heavy promotion and competitive pricing. The big advantages of a fixed rate is that cash flow planning is more reliable. The true interest rate at the moment is about 14 per cent fixed for a secured loan over one to five years—but all the High Street banks now have fixed-rate lending schemes for the small business so it is worth shopping around.

T. D.

In brief . . .

"CORPORATE VENTURING" is well established in the United States where in 1983 major U.S. corporations made an estimated 150 direct venture capital investments in emerging growth companies. In Britain and Europe such strategies are less common.

"New Opportunities in Corporate Venturing"—a one day conference in London on October 17—will highlight new avenues for corporate development and identify opportunities for collaboration and co-operation between venture capital firms and big companies. Presented by Venture Economics and accountants Arthur Andersen and Co, the fee is £225 plus VAT. For more details contact Ian Burns of AA on 01-836 1200 or Susan Lloyd of Venture Economics on 01-995 7619.

●

THE National Federation of Self Employed and Small Businesses has put its name to the 1984/85 "Business Location Handbook." A chunky 304-page volume, it contains much valuable information under one cover, notably sources of grants and financial aid and details of property locations and useful contacts on a regional basis. Copies (£2 plus postage) can be obtained from the NFSESB's Parliamentary and Press Office, 140 Lower Marsh, Westminster Bridge, London SE1.

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A FINANCIAL TIMES SURVEY

INTERNATIONAL FRANCHISING AND LICENSING

OCTOBER 8 1984

The Financial Times is proposing to publish a survey on International Franchising and Licensing in its issue of October 8 1984. The provisional editorial synopsis is set out below.

INTRODUCTION An overview of the current development of franchising in the UK and an evaluation of its long-term prospects, especially the implications for creating new jobs. The role of the Government and other institutions in developing the sector will be discussed.

Editorial coverage will also include:
THE BRITISH FRANCHISE ASSOCIATION
INTERNATIONAL FRANCHISING
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THE FRANCHISOR
COMPANY PROFILES

Copy date September 21st 1984

Copies of the survey will be distributed at the National Franchise Exhibition from October 14th-16th.

For further information and advertisement rates, please contact:

Claire Broughton or Penny Smith
Financial Times, Bracken House
10 Cannon Street, London EC4P 4BY
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The size, contents and publication dates of Surveys appearing in the Financial Times are subject to change at the discretion of the Editor.

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Belfast

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The capacity of the factory is approximately 16,000 seats per annum. Stitching and cutting production facilities should also be of interest to other leather goods and upholstery manufacturers.
The factory when in full capacity has a labour force of 60.
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See page 4.

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Following a review of corporate strategy an Industrial Group is seeking to divest a West Midlands based subsidiary outside its main stream activities.
The Company has a turnover of £1m and operates from a well equipped freehold factory.
There are attractive terms for a sale.
Write Box G10051
Financial Times
10 Cannon Street
London EC4P 4BY

Trailer Manufacturers
North Humberside

Weeks Trailers Limited, long established manufacturer of agricultural and industrial trailers and of manure handling equipment located in freehold premises in Hessle, North Humberside. Skilled workforce of 100.
Turnover for year to January 1984 of £3.3 million including substantial exports.
For sale as a going concern.
Enquiries to
Stephen J. L. Adamson
Arthur Young McClelland Moores & Co.,
Rolls House, 7 Rolls Buildings,
Fetter Lane, London EC4A 1NH
Telephone: 01 831 7130 x 4182
Telex: 888604
Arthur Young McClelland Moores & Co.
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

FOX & SONS
WOOLACOMBE BAY CARAVAN PARK, NORTH DEVON
Prime Caravan and Camping Park situated in superb position, ½ mile from sea, overlooking Woolacombe Bay with its superb sandy beach. 22½ acre site. Licence for 245 Static Holiday Caravans and Established Use Certificate on 8 acres for Camping purposes. First-class on-site buildings inc. Licensed club, heated indoor swimming pool, shop, amusement arcade and admin. block. Modern block 3 flats and manager's 3-bed Farmhouse. Excellent trading record and scope for further development. For Sale by Informal Tender—19th Oct. '84. Apply:
22 Cathedral Yard, Exeter, Devon
Tel: (0392) 51571
OVER 80 OFFICES

FOR SALE
WELL ESTABLISHED NON-FERROUS FOUNDRY & MECHANICAL ENGINEERING BUSINESS
Showing considerable profit and good order book. Situated Central Scotland. Owner wishes to retire.
Reply Box G10061, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE
AXLE MANUFACTURING BUSINESS
Complete with plant, tooling, working drawings and stocks for trailer axles. T/O £600,000 pa including raw material element of 62%. 8/8 employees.
Offers in excess of £250,000
Further details from:
Managing Director - 0985 88131

£100,000 would acquire Company manufacturing unique Garden Implement employing modern electronics, and acclaimed by press and gardeners. Stock and production available allowing excellent immediate prospects into this rapidly growing market. Write Box G.10054, Financial Times, 10 Cannon Street, London EC4P 4BY.

SALE
GARDEN PRODUCTS
Range of garden products, fully patented UK, complete with all production tooling. Also on-going contracts with blue chip mail order/multiples UK and Europe.
Write Box G10057, Financial Times
10 Cannon Street, EC4P 4BY

SUPERMARKET
WITH PROPERTY POTENTIAL
SOUTH LONDON
6,000 sq ft plus Warehouse
Price indicator £55,000
Principals only
Write Box G10064, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE
Multinational wishes to dispose of fledgling
ELECTRONICS COMPANY
Price in the region of £200,000
Write Box G10060, Financial Times
10 Cannon Street, EC4P 4BY

EAST MIDLANDS-BASED
JOINERY COMPANY
FOR SALE
FREEHOLD PREMISES
WITH POTENTIAL
Full details including up to date a/c's to bona fide interested parties
Write Box G10067, Financial Times
10 Cannon Street, EC4P 4BY

BUSINESS FOR SALE
ESTABLISHED FOOTWEAR IMPORTER
Volume importer with considerable experience of sales to major multiples and wholesale accounts and good standing with foreign producers in Spain and Italy. 1983 turnover £870,000. Expected 1984 turnover £1,000,000+. Promising forward order situation. Tax losses available. Further details from: Box G.10079, Financial Times, 10, Cannon Street, London EC4P 4BY.

Fibreglass Business
FOR SALE
Manufacturing insulated translucent roof lights with industrial market. £180,000. Includes continuous production machine, process information, customer list, etc. Premises not included.
Write Box G10062, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE
Trading Company with international patents of award winning modular construction system. Currently operative in education and horticultural markets, but with potential to expand into retail and DIY fields.
Reply to: The Chairman
PO Box 12, Watlington, Oxford

COIN-OPERATED MACHINES
For sale long established family business with a record of profitability and exceptional cash flow. Widely based operation with Midland headquarters, capable of further development.
Initial enquiries to:
Box G10049, Financial Times
10 Cannon Street, EC4P 4BY

RETAIL JEWELLERY SHOP
In prime position in old Amersham, Bucks. Profitable going concern. Turnover £45,000 approx., but capable of considerable extension. Company for sale with SAV available. Owners would consider participation with suitable working director.
Write Box G10069, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE
COMPUTER TRAINING ORGANISATION
Government recognised computer training organisation based in Midlands and North. Projected turnover £650,000.
Write to:
HILL MURRAY & CO
Chichester House, Chancery Lane
London WC2A 1EJ

Engineers/Industrial Supply Company
Location: North West
Turnover: £500,000 pa increasing
Net Profits: £40,000 pa increasing
Price: £120,000
Principals only please
Write Box G10045, Financial Times
10 Cannon Street, EC4P 4BY

HARDWARE/DIY/BLDRS MRCHNT/GARDEN CENTRE COMPLEX
- 1⅓ Acres of leasehold in prime location (Bristol area)
- First time available for 60 years
- 1983 turnover £371,000 plus
- G/P 30% plus
- £95,000 plus SAV
- Brochure available

Write Box G10047, Financial Times
10 Cannon Street, EC4P 4BY

LEISURE CENTRE FOR SALE
Unique — ladies only
Luxury facilities
Value £215,000
Write Box G10048, Financial Times
10 Cannon Street, EC4P 4BY

Businesses for Sale

CORROSION PROTECTION

A large industrial group offers for sale as a going concern a nationally known, well respected subsidiary whose business is not compatible with the Group's objectives.
Activities include:
—Specialist coatings and linings to vessels, pipe-work and fabrications, either in the factory or on site
—Shotblasting and painting services to the fabrication industry
—Stress relieving of fabrications for the engineering industry—up to 70 tons total and 100 feet in length
Covered area 24,500 square feet with 50 ton cranage.
The Company has a turnover of £700,000 per annum, employing 30 people, and is situated 2 miles off the M1, with excellent communications.

Please reply in the first instance to:
The Chairman, Box G10030, Financial Times
10 Cannon Street, London EC4P 4BY

CAVALIER UPHOLSTERY LTD
SHEFFIELD

The business assets and goodwill of the above are offered for sale as a going concern.
The company manufactures upholstered suites.
Turnover approximately £2m pa.
Freehold premises approximately 40,000 sq. ft.
Enquiries to The Joint Receivers
Richard Betts and Terry Hayes
28 Kenwood Park Road, Sheffield S71NG
Telephone: 0742 553371

Thornton Baker

FOR SALE
BUSINESS AND ASSETS OF ENGINEERING COMPANY

Presswork (to 200 tons), fabrication, welding and assembly, order book of £1.9m and stock at valuation available.
Offers invited for plant and machinery.
Light industrial premises close to motorways and Heathrow airport are also available, freehold or leasehold.
Finance available to suitable purchaser.

Principals only write Box G10034, Financial Times
10 Cannon Street, London EC4P 4BY

LONG ESTABLISHED GARAGE BUSINESS

Comprising new and used car sales, parts, service, MoT and body shop facilities and a high volume petrol forecourt. Has operated a General Motors franchise (Vauxhall/Opel). Freehold site of approx. 4.5 acres. Ample offices, workshops and car parking facilities. Offers for the petrol forecourt may be considered separately. Main road site approx. 15 miles from Birmingham on fringe of Redditch New Town.

Principals only apply to:
ERNST & WHINNEY
Windsor House, 3 Temple Row, Birmingham B2 5LA

By Order of the Joint Receivers:
B. K. Perkins Esq, FCA, and R. Robinson Esq, FCA
of Kidsons Chartered Accountants

WELL-ESTABLISHED
PRESS WORK AND PRESS TOOLMAKERS
WEST MIDLANDS

Mainly modern single-storey fully equipped freehold premises
63,500 sq. ft. on level site 3.21 acres
Manufacture includes Cheyne hoseclips
and for leisure industry products
EDWARD SYMMONS & PARTNERS
569/573 Royal Exchange, Manchester M2 7FF
Tel: 061-832 8454

FOR SALE
MICRO COMPUTER COMPANY

Profitable British multi-user business micro manufacturing company with 1m+ turnover wishes to affiliate itself with major public company to help overcome credibility problem and to obtain funding to finance expansion. Majority equity holding is available, rest to be kept by existing management. Long-established company with products used by many public companies. New products already developed and awaiting launch.

Interested parties should contact:
Longcrofts, Chartered Accountants, Capel House
62 New Broad Street, London EC2M 1JS - Ref: 20/0125

FOR SALE
SQUASH & LEISURE CENTRE
PROMINENT MIDLANDS TOWN

Comprises 8 Squash Courts, 6 Snooker Tables, Extensive Bar, Restaurant and Disco facilities, Saunas, Solarium, Trimnasium, etc
Superb facilities, including managerial accommodation
Membership 1,200 Increasing
Write Box G10029, Financial Times
10 Cannon Street, London EC4P 4BY

PLC OFFERS FOR SALE

Well established subsidiary (turnover £1.5m) manufacturing microprocessor-based safety and weighing systems
Worldwide marketing, strong product development
Write Box G10023, Financial Times
10 Cannon Street, London EC4P 4BY

SHELL P L C
(formerly quoted)
FOR SALE
Totally clean
Further details 0624 22359

Lesiure Complex For Sale
WITH GREAT POTENTIAL FOR EXPANSION
Write Box G10036
Financial Times
10 Cannon Street, EC4P 4BY

AIR CLEANER MANUFACTURING business for sale. Trading stock and technical data available—£12,000. Reply: [illegible] Street West, Leamington Spa, Warwickshire.

ESTABLISHED BOOKSHOP North Western Town. Turnover £125,000 p.a., with potential for growth. Leasehold for sale. Write Box G.10022, Financial Times, 10, Cannon Street, London EC4P 4BY.

WHOLESALE DISTRIBUTORS

Regional wholesale distributors of stationery, toys, medicines, toiletries, hardware, confectionery and fancy goods.
— Turnover £1.5m pa.
— Long-leasehold premises, East Anglia, 14,000 sq. ft. at a rental of £7,500 pa.
— Established since 1919 with customer list of 1,200 retailers.

Further information from The Joint Receiver,
P. R. Copp, F.C.A. (ref. EVLB)
at 44 Baker Street, London W1M 1DH
or on 01-486 5888.

SH Stoy Hayward & Partners

EQUIPMENT LEASING COMPANY
FOR SALE

£6.6m rent — largely within one year from small number of large, easily-managed leases
Excellent covenants
Brokers already appointed whose fees will be paid in full by vendor
Principals only should apply to Box F5138, Financial Times
10 Cannon Street, London EC4P 4BY

WEST YORKSHIRE
MANUFACTURERS OF NOVELTY JACQUARD AND PLAIN FABRICS

This long established family business is offered for sale
Current turnover in region of £800,000 p.a.
Single storey freehold premises
Experienced labour force
Further information can be obtained from:
R. Hammer, Baker Rooke
1a Manor Row, BRADFORD BD1 4NS
Tel: 0274 735311

FOR SALE
PROFITABLE WEST MIDLANDS BASED MOTOR DEALER WITH JAPANESE FRANCHISE

With extensive new and used car showrooms, full mechanical and body repair facilities and parts dept. Turnover in the year ended 31 May 1984 circa £4.7m. Shareholders' funds in excess of £1m.
For further details please write to:
K. G. WHITE, THORNTON BAKER
Kennedy Tower, St Chads Queensway, Birmingham B4 6EL

COMPANY SALE

Strategic planning causes a multinational group to seek new ownership for its Marine Engineering Equipment subsidiary with sales in the £1m to £2m bracket
Enquiries from principals to Box G10025
Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE
ESTABLISHED GENERAL ENGINEERING & ELECTRICAL ASSEMBLY COMPANY
IN EAST HERTS

Accounts year to June 1984 show turnover £142,000, pre-tax profits £20,000. Controlling shareholders seeking to dispose of 100% of equity.
Write Box G10043, Financial Times
10 Cannon Street, EC4P 4BY

PRINTING
A small Printing Group for Sale
Turnover £750K
Situated in South Lancashire
The Group comprises three units—one main production centre and two outstations. Group construction only part completed but good reason for sale. Warranted as part of sale that last six months to be in profit. Profit also projected forward. Sale consideration not necessarily for cash, only to Purchaser at sound standing and credible reference.
For further details contact:
Messrs. FREEMAN RICH
10, Richmond Terrace
Blackburn BB1 7BE

OWNER/CHIEF EXECUTIVE
RETIRING

Seeks successor with investment monies to take over progressive Hertfordshire engineering company with its own established product lines. Participant expected to have financial substance and technical knowledge to take an active part in the company. A phased familiarisation period envisaged. Contact:
Michael Henderson, FCA
37 Mount Echo Drive
London E4 7LA

For Sale
OPTICAL
ESTABLISHED 50 YEARS
North West Retail Optical Business
Includes complete Workshop and Freehold. Turnover £250,000
Profit £110,000
PRICE REQUIRED £250,000
Write Box G10042, Financial Times
10 Cannon Street, EC4P 4BY

INSURANCE BROKERS
(REGISTERED)
IMPRESSIVE OFFICES IN CENTRAL LONDON

Established over 35 years
Principal considering retirement
Enquiries only invited from persons with adequate resources in excess of £250,000
Write Box G10044, Financial Times
10 Cannon Street, EC4P 4BY

WELL ESTABLISHED
INDEPENDENT
Contract hire company
for sale
Write Box G10040, Financial Times
10 Cannon Street, EC4P 4BY

THE CINDERELLA BAY COMPLEX, Hest Bank Foreshore, Morecambe, Lancs. For Sale by Auction on Wednesday, 3rd October, 1984. An important marine leisure complex with amenity land and foreshore, over 8 acres, comprising licensed restaurant capacity for circa 200, extensive accommodation, large indoor swimming pool, residential flat, etc. In a superb setting with sweeping views of Morecambe Bay and Lakeland. An excellent opportunity for extension and development for leisure purposes. Apply Reeds Rains Commercial, 48 Market Street, Lancaster. Tel: 0524 63494.

INTERNATIONAL COMPANY
IS SEEKING
PRINCIPAL

to own and operate business promoting and conducting training courses for professional associations, commercial organisations, schools, colleges, etc. throughout the whole of the United Kingdom. The programmes have received the highest acclaim and acceptance on an international level and have been operating successfully for many years throughout the USA, Japan, Australia, New Zealand and Asian countries.
Training in the operation of business will be given and assistance in setting up. Good profit and capital gain opportunities exist. Would suit experienced business executive or commercial organisation seeking to diversify into an activity not demanding on management time.
Capital Required £180,000
Phone 01-580 8371 for appointment with international principal visiting London September 10th-14th (inc)

International

Company for Sale

The company was established in 1948 and is located in Belgium.
It is selling industrial appliances (no manufacturing) to large industries and has a first class reputation on the local market.
All inquiries will be handled in strict confidence.
Contact:
Mr. René Verdickt
Fiduc. W. Peleman & Partners
Accountants - Tax Advisers
Fred. Peltzerstraat 65
2580 Lier - Belgium
Phone: 32/31/4803801

KNITWEAR MANUFACTURING
business for sale

Men's and children's. Leasehold premises. Comprehensive plant.
Turnover approximately £2m
Knitting capacity 1,500 dozen per week, Leicester
Principals only!
Box FT/865, St James's House
4/7 Red Lion Court
London EC4A 3EB

FOR SALE
TEXTILE
PRINTING PLANT

One Stork 12-colour Rotary Screen Printing Machine RD2/3 with DD2 Drier, one Batts Transfer Paper Printing Machine, and Demise Stenter including inspection machines, sampling table, screen washer, colour mixers. All in running order.
For further details:
PHONE (0533) 769068

ASPHALT COMPANY

Due to forthcoming retirement Asphalting Company, based in Central Scotland, is available for sale. The company is currently turning over in excess of £1m and is available as a going concern
Principals only should write for details to Box G10037, Financial Times, 10 Cannon Street, EC4P 4BY

PRECISION ENGINEERS
PROFITABLE
SOUTH-EAST ENGLAND
Government Contracts
Turnover £300,000
Write Box G10039, Financial Times
10 Cannon Street, EC4P 4BY

DIVERCO SELL COMPANIES NATIONWIDE
Priced £0.1m-£3m plus
Sellers and Buyers
Write/Phone:
DIVERCO Ltd.
4 Bank Street, Worcester
0905 22303

KNIGHTSBRIDGE, SW3
Well established health and beauty studios for sale. Fully fitted and equipped. Prestige position. £16,000 pa exclusive. Price: £150,000 to include goodwill, furnishings, fixtures and fittings. Owners Agents:
ROBERT IRVING & BURNS
23/4 Margaret Street, London W1
Tel: 01-637 0821 - Ref: IHB

COMPANY FOR SALE
PROFITABLY TRADING WITH £85,000 ANNUAL TURNOVER
Well known and established in UK in cookware, health and gift markets. Needs sole owner/manager or larger company to expand local and overseas sales.
Write Box G10031, Financial Times
10 Cannon Street, EC4P 4BY

ELECTRONIC
MANUFACTURER
Small company specialising in microprocessor-based instrumentation and control equipment for sale. Excellent customer base built in less than 3 years. High growth potential.
Write Box G10035, Financial Times
10 Cannon Street, EC4P 4BY

BUSINESS FOR SALE?
Approx. 5,000 sq ft of well equipped garage workshop available to rent
Ideal for quick-fit tyres/exhausts etc. Rent £15,000 pa exclusive
LONDON NW AREA
Write Box G10033, Financial Times
10 Cannon Street, EC4P 4BY

ESTABLISHED
HIRE PURCHASE COMPANY FOR SALE
BALANCES APPROXIMATELY £2M
EXCELLENT POTENTIAL
Replies in confidence to Chairman
Box G10028, Financial Times
10 Cannon Street, EC4P 4BY

COMPANY FOR SALE
Old established Engineering Company for sale with own product. Stable profit record. Freehold property situated West Midlands.
Price guide: £100,000
Write Box G10015, Financial Times
10 Cannon Street, London EC4P 4BY

International

U.S. ROAD-BUILDING CONSTRUCTION COMPANY FOR SALE
30 Asphalt Plants
1,000 pieces of Equipment
5 crushed stone co's
4 sand and gravel plants
5 ready-mixed concrete plants
All excellent condition. Mid-west and south east States. Management will remain. Selling parent co. 60 years old. Total price for all assets $61m
Prompt response and completion required
Lee Harrison
Ronald N. Greenfield Co.
P.O. Box 2567
Nashville, Tenn. 37219, USA
(615) 255-0863

SMALL BREWERY
250,000 BARREL CAPACITY
Located in South East U.S.
Producing for Supermarkets and other house brands. Expected profits for 1984 US$300,000, using only 30% capacity. Management willing to stay on after sale. Ideal for UK or European group wishing to break into US market.
US$2,000,000
Enquiries to:
Box G10058, Financial Times
10 Cannon Street, EC4P 4BY

FRENCH HIRE COMPANY
We wish to sell a well established Paris based Access Equipment Company renting access platforms, booms, fork lifts and cranes. The company has an excellent reputation. T/o approx. FFr23m.
Write Box G10060, Financial Times
10 Cannon Street, EC4P 4BY

Business Wanted

ENGINEERING BUSINESS WANTED

A specialised engineering company, recognised as a world-leader in its field, is seeking to acquire a related business to further its growth objectives.
The acquisition should have the following characteristics:
- An engineering business engaged in design and/or manufacture of industrial process plant, material handling equipment or industrial controls.
- Proprietary products or expertise.
- Turnover potential of around £4 million.

Interested parties should write, in total confidence, to:
Box G10065, Financial Times
10 Cannon Street, London EC4P 4BY

HEALTH CARE

An established pharmaceutical company seeks to acquire existing OTC products in the fields of health care and natural remedies as part of their planned UK development.
Substantial funds are available for brands whose ex-factory turnovers presently exceed £300,000. Terms can be flexibly arranged to suit owners'/managements' needs.
Principals are invited to write, in strict confidence, to the company's adviser:
R. G. Reeves
REEVES LEESE & PARTNERS
3 Old Manor Yard, London SW5 9AB

WANTED
on behalf of substantial public company
STATIC HOLIDAY CARAVAN SITES
Coastal sites of 350-plus pitches only
Freeholds, leases or management contracts considered
Strict confidentiality observed if requested
Contact W. R. HILLARY, FRICS, at:
William Hillary & Company
CHARTERED SURVEYORS
LEISURE PROPERTY SPECIALISTS
91 Crane Street Salisbury SP1 2PU
Tel: 0722-27101

ACQUISITION WANTED
an established Company in London

Investor in the Middle East would like to acquire for investment an established and profitable Hotel or Trading or Financial Company in London. Existing management and administration to continue. Up to US$2.5 million in cash is readily available for an interesting proposition. Location should be in London.
Please write in confidence to Box G10068
10 Cannon Street, London EC4P 4BY

WANTED
STOCKIST OR CONVERTING COMPANY
in one of the following
PACKAGING - PLASTIC FILM OR SHEET - ADHESIVE TAPES
PHOTOGRAPHIC FILMS OR PAPERS
DRAUGHTING FILMS OR PAPERS
MEDICAL FILMS OR PAPERS
IMPORTERS-EXPORTERS IN ABOVE ITEMS
We are acting for Clients who are seeking to purchase a Company involved in one of the above activities, particularly situated West of London or Home Counties
Please write to:
Mr M. Chappell, SF Management Services
101 Gt Portland Street, London W1

SMALL FULLY LISTED P.L.C.
Seeks small private or quoted companies currently achieving pre-tax profits of £100,000 to £300,000 p.a.
All responses will be treated as strictly confidential and should be addressed to:—
The Chairman, Box G10053, Financial Times
Bracken House, 10 Cannon Street, London EC4P 4BY

Society Generale Merchant Bank Limited
COMPUTER SOFTWARE COMPANY WANTED
On behalf of a major European computing services group, not currently operating in the UK, we are looking for a software company for acquisition. The company should have at least 50 professional staff, and sound management structure. The willingness of existing management to remain committed to the company after acquisition will be an important consideration for our client. Partnership or joint venture possibilities might also be of interest.
Principals only to reply in strict confidence to:
P. J. Unsworth, ACA, Corporate Finance
SOCIETE GENERAL MARCHANT BANK LIMITED
Pinners Hall, Austin Friars
London EC2P 2DN

OVERSEAS RESTAURANT GROUP
REQUIRES
Substantial premises in MAYFAIR, KNIGHTSBRIDGE, COVENT GARDEN, or similar locations.
4,000 sq ft
to include at least part ground floor. Vacant property or existing business considered.
Full details in strictest confidence to Sole Agents:
GRANT
Terry Kaye, Grant & Partners Leisure Department,
5 Aldford Street, Mayfair, London W1Y 5PS
01-629 8501

WAREHOUSING/TRANSPORT Company required 5 miles London Airport —profitable/non-profitable, confidentiality assured. Ring A. Lowe, 01-043 2444.

TRANSPORT/HAULAGE/VEHICLE FLEETS required. With or without property, confidentiality assured. M Harrison, tel: Barleston (078 130) 2829. Telex: 367327 Malcolm.

PUBLIC RELATIONS—Active and expanding PR Consultancy seeks to acquire like-minded Consultancy with current PR billings of £150-250,000 p.a. Write Box G.10041, Financial Times, 10, Cannon Street, London EC4P 4BY.

CORTON BEACH P.L.C.
We are a rapidly expanding group of companies involved in Food Manufacturing and distribution; now searching for a suitable acquisition.
We particularly seek companies with a minimum net profit in excess of £100,000 per annum and capable of further development.
Geographical location is not important and existing management would be retained. All replies will be treated in the strictest confidence.
Please reply to:
Mr M. Keen, Chairman
CORTON BEACH PLC
Corton House, 147a Bedford Road
Southport PR8 4HR

PUBLICLY QUOTED GROUP
is seeking to expand its
RESIDENTIAL DEVELOPMENT ACTIVITIES IN SOUTHERN ENGLAND BY ACQUISITION
It is looking for profitable housing companies operating at levels between 200 and 500 houses per annum. All replies will be treated in strict confidence, addressed to:
The Chairman/Chief Executive
Box G9980, Financial Times
10 Cannon Street, London EC4P 4BY

We are a medium sized expanding company looking to purchase, by way of cash or share exchange a
LITHO PRINTING CONCERN
which must have at least one Four-Colour Machine
Details in confidence from:
The Company Solicitor, Ref: RB
HARVEY INGRAM
20 New Walk, Leicester LE1 6TX

BUSINESS
WANTED
Hand Forge Company Required (Operational or 'moth-balled') Capable of working in carbon/alloy steels to a maximum die of 8 ins and up to 3 tonnes in weight
Details to: PO Box 16, Belper
Derby DE5 2BX

U.K. Company
has funds available to purchase companies involved in transport distribution, road haulage, plant hire. Please reply to investor. All replies will be acknowledged.
Write Box G9984, Financial Times
10 Cannon Street, London EC4P 4BY

WINDOW
SYSTEMS
Required: Profitable Window/Door/Architectural Systems Company. Sales over £3m
Apply Box G10024, Financial Times
10 Cannon Street, EC4P 4BY

SMALL PRIVATELY OWNED
HOLDING COMPANY
Wishes to purchase controlling share or equal partnership in well established non-technical service or finance company in the SE. May suit retiring owner. P.P. up to £500,000. *Reply:*
A. Cooper, BEME LIMITED
8/30 Clarges Street, London, W1

WE SEEK
SUCCESSFUL SMALL COMPANIES FOR TAKEOVER
Any business considered. Price (almost) immaterial, unlimited funds available. Good commission payable for good introductions.
Write Box G10032, Financial Times
10 Cannon Street, London EC4P 4BY

TEMPORARY
EMPLOYMENT AGENCY
Substantial funds available for purchase of a large U.K. employment agency group specialising in temporary computer staff.
Please contact:
Jim Holt
HOLT ASSOCIATES INTERNATIONAL
Tel: Plymouth (0752) 671700
Telex 45472

HEATING OIL
DISTRIBUTION
Company wishes to purchase Fuel/Oil Distribution Business Preferably in North of England
Write Box G10055, Financial Times
10 Cannon Street, EC4P 4BY

EQUITY AND/OR
CASH AVAILABLE
From PLC to Vendor(s) of Company(s) with excellent profit record
Management to remain
Write Box G10058, Financial Times
10 Cannon Street, EC4P 4BY

Marketing Communications
Expanding company active in international marketing communications and based in Holland seeks to purchase small, UK, below the line, agency located west of London; billings £200,000 to £300,000. Write in first instance to D. Simpson:
Howard Organisation Ltd
Russell House, 140 High Street
Edgware, Middx HA8 7BS

BUSINESS ADVERTISING APPEARS EVERY TUESDAY

THE ARTS

The Royal Academy/William Packer

A golden view of Dutch painting

"Elegant Company Gaming and Drinking" by Anthonie Palamedesz

The room is plain enough, with its bare boards and stiff chairs, too plain, one might think, for such fine and fashionable company unless it is for hire, and this but the latest of innumerable sociable occasions it has had to serve. The light streams in, as bright and cool as day; and surely this is a midday party, a holiday marked perhaps in some balf-public place: how else to explain such evideot yet such usual, such unremarkable pleasure being taken so naturally. The elegant company gossips lightly together, drinks and flirts perbaps, takes a desultory throw at backgammon for all the world as though it were any Saturday or Sunday morning in the private room or parlour of pnb or club—and the common, mundane experience, that shared bumanity, touches us directly across three centuries.

The painting is by Anthonie Palamedesz, dates from the early 1630s, and hangs in the second room of the Royal Academy's magnificent offering to us this autumn, "The Age of Vermeer and De Hooch," on exhibition organised by the Philadelphia Museum of Art, and come here by way of West Berlin, its only othec showing. Lufthansa, Pan American World Airways and Schenker ARTtrans have all helped that tour along, but this London showing has only been made possbile by a grant from the American Express Foundation. The Government's indemnity too should not be overlooked, for without it insurance alone would have been prohibitive. We must accept the realities of the times we live in, and can only be thankful that such treats as this are still allowed us. The exhibition bas been beautifully installed, and remains on view until November 18.

"Masterpieces of 17th-Century Dutcb Genre Painting" as its subtitles, with "genre painting" taken, in the senc accorded it by later scholarship, to mean small and cabinet pictures of scenes from everyday life, a convenient and effective term in so many ways, yet one that is not altogether satisfactory. For the difficulty is that though "genre" serves well enough in this case to indicate a conscious shift in the attention of the artists of the time away from the religious, the grand, the edifying towards everyday matters, occasions and affairs—a tendency already well established by Palemedesz's time, with a parallel development of interest in landscape and topographical painting as such—it also carries with it a gentle but quite unnecessary hint of apology and deprecation, as thongb to say these things are fine enough in their way, indeed masterpieces of their kind, but only of their kind. Even the greatest of the artists are not untoucbed by the imputation: Vermeer, for example, as much a master for his rarity as the quality of his work, and de Hooch and tec Borch shown bere almost with an air of surprise at their critical elevation.

Contemporary commentators were perbaps right to use less general, more matter-of-fact descriptions; and guard-room, bordello and ale-house acene, merry company and peasant kermesse certainly convey just as well the characteristic subject of those artists' view across the social spectrum. The best paintings to come ont of their pre-occupation need no special pleading to justify their standing against all commers, and masterpiece is in so many cases the proper word.

Other difficulties follow npon the first. All categories, however useful, are to be mistrusted, for they can so easily close their material in too much; and bere we must not allow wonderful concentration of the exhibition to blind us to the extraordinary variety within the work, oc make us forget its wider context and implication. Admittedly an attempt has been made to broaden the scope of reference, with a nod bere to Hals, there to Italian influence through the *Caravaggisti* of Utrecht and the *Bamboccianti*, groups of Dutch artists who all worked in Rome: but the age of Vermeer and de Hooch was also the age of Rembrandt, with Rubens and Breughel not so distant, and the wider, older Dutch and Flemish tradition can bardly be overlooked.

To have moved too far that way would have meant a very different exhibition, but with naturalism so essential to the very definition of "genre," and with so much of the work, for all its secularity, carrying with it nevertheless a palpable morality, the relation to the great tradition of earlier Flemish painting to be kept very much in mind. It was a tradition of intimate religious naturalism; and bere for example, the beautiful Jan Steen of 1660, the Peasants' Prayer before the Meal, with its oblique glimpse of the landscape through the open window, might almost have been painted a century and a half or more before, and the name not Steen but Gerard *David*.

But again we must beware of too close a reading, and allowing art history precedence of the work itself. The reference is undeniable and the message clear, but then we must remember that few painters would ever insist that a usable or intriguing pictorial device, formal opportunity or imaginative spur be taken as earnest of particular personal obsession, commitment or devotion. The immediate charm of Dutch genre painting of the 17th century lies very much with its faculty for drawing us so easlly into *exercises of interpretation* and recognition. Here was a puritanical and contentious age that offered its painters a wealth of iconographical opportunity, wbether subtle or obvious, and we can all be tempted to join in the game, pondering the nicest questions of vice and virtue, vanity and simplicity, licence and constraint — worldly pleasure (Patamedesz), honest worth (de Hooch), problem picture (ter Borcb).

But painting is something more than mere story-telling or superior illustration. Gerard ter Borch is with Vermeer the dominant figure in this exhibition, and together they transfix and tease us with the psychological complexity and ambiguity of the characters they depict; but their mastery ties not with this simple, essentially literal facility, but with something altogether more general, profound, and visual. We find ourselves with the artist looking imaginatively at things as they are, and trying somehow to accommodate that reality in terms of light, space, form, flesb and blood. And should we try that same imaginative commitment for ourselves, wc too might begin to share in, if not entirely to understand, tha *experience*; and it *will* be this, our own commitment that makes the contact, that brings the artist's world so close to our own. If from time to time we catch a bint of discreet erotic possibility in the unspoken story we consider, it will be the fall of silk across an arm, and against our eye, that makes for real excitement.

Czech music by a Swiss lakeside

Ronald Crichton reports on the Lucerne Festival

Not even Salzburg or Edinburgh can beat Lucerne as a festival setting, the lakeside city wildly picturesqua withont affection, blazing with flowers, cinged with apectacular mountain crags no more often veiled by mist than thosa of the rival sites. In any case a lake journey by steamer on a atill day with the steep sides composing and recomposing through the allver haze as if painted in with Chinese brushstrokes, is a soothing experience. Lucerne does not know of the atruggle for meals which (vastly different as the end-products may be) one dreads in the Austrian and Scottish centres. The Swiss have adapted to modern conditions of reduced staffing. There is no meanness or muddle but a warm welcome and expert efficiency.

Programmes are more limited. Since there is only one modest theatre the stately procession of symphony, choral and chamber concerts is rarely interrupted by opera, drama or dance. But the big battalions keep on coming after nearly 50 years (the festival was founded in 1938 by Toscanini, among others, who would not conduct at Salzburg after the *anschluss*). This year saw the Philharmonica of Berlin and Vienna (under Karajan ond Abbado respectively), the Bavarian Radio (undec Davis), the English Chamber Orchestras, The Academy of St. Martins in the Fields and, not least, the Czech Philharmonic undec Václav Neumann. If that's what you want, there's any amount of it.

Czech music was one of the themes this year, with Smetna, Dvorák, Janácek and Martinu. But together with genuine inter-nationality Lucerne cultivates things nearer bome — in the present case the work of Frank Martin, who died ten years ago. Martin's *Mystère de la Nativité was* a commission from Radio Geneva, first given there *in concert form in 1959* undec Ansermet. Slazburg staged the work with great success the following yeac in a production by Margberita Wallmann. Karajan is said to have wanted to give regualr revivals of the *Mystère*, but nothing came of this. The approachable and impressive score remains too little known.

Martin took his text from the early parts of the long Passion Mystery by Arnoul Greban, a 15th century organist of Notre Dame in Paris. For stage purposes the medieval three-level Hell) is used. For this single Lucerne performance in the Jesuit Church producer Peter Rasky and designer Dieter Siegmaon bad built a towering erection of scaffolding and blue-painted screens in front of the bigb altar. Heaven was hospital white, a robed cborus was teired behind the Earth arrangement (Paradise-Earth-*level, Hell was a circular* pit with a mirrored lid — the most effective use I have seen of this overworked device, with a few performers effectively transformed into a writbing mob. Not much colour but at the end the gilding of the apse (the church is newly decorated) glowed softly through.

The musical style is recognisably Martin's in the quiet, thoughtful distinction and swift but certain touch. At times one is reminded of the Hindemith of *Nobilissima visione* (but without his motoric chugging) or of *campi* and the Fifth Symphony (without bis vagueness of outline). The Devil doesn't have the best tunes but be bas by far the most advanced barmony—the treatment of Satan, Lucifec and company is grolesque-comic Harmonic contrast, between unison and polypbony, different textures and different degrees the Vaughan Williams of *Flos* *of astringency*, is most adroitly used in the vocal writing. Martin bad the gift of genuine simplicity, as in the beautiful double chorus preceding the appearance of Mary and Joseph.

Roderick Brydon, newly-appointed music director at the Lucerne Stadt-theater, conducted the orchestra of the city's Musikgesellschaft and a large chorus drawn mainly from the Lucerne and Zürich Conservatoires. Choir aod orchestra had been thoroughly prepared. So had the staging: it seemed a sad waste to have only one performance. Solo singing was competent bnt unremarkable—only Ian Caley as Gabriel and one of the Magi really sent his voice out through the large apace. Words (15th century French) were not clear and there was rarely enougb light to follow the text. It was unwise to give the three acts without interval. The church was packed but there was some sbifting of acbing backsides.

Whoever draws up tbe Lucerne programmes likes to slip in little-known works but lacks the Glockian flair for combinations that will work as well in performance as they look on papec. A Hofkirche concert by the Luzerner Vokalsolisten under Hans Jörg Jans with Mozart, Zelenka and Dvorák promised well but disappointed because the central work, the once popular Biblical Songs of Dvorák, sounded oddly out of place.

Not, I think, the fault of the singer, Ludmila Dvoráková, a captivating Covent Garden Brünnhilde of the late 1960s, her tone still warm and opulent but the top register stiff. Once again there was no interval (though there is a charming square in front of the church) and the pews were a pennance.

Vienna Philharmonic/Albert Hall

Max Loppert

The second of the foreign orchestras to visit the 1984 Proms gave this weekend two concerts Viennese-Classical in content and classically shapely in form—symphonies by Mozart and Bruckner in Saturday's programme, and by Beethoven and Schubert in Sunday afternoon's. At the second, the huge audience welcomed the orchestra with cheers at the start of both halves not just for leader and conductor but for all the players as they filed in. This was a special Prom gesture to one of the world's small handful of great orchestras; it was not a matter of sentiment, as the performances then bore out, for the playing of Beethoven's Fourth and Schubert's Ninth showed that some special gesture of recognition had been no more than proper.

The sound of the Vienna Philharmonic in Beethoven and Schubert confers meaning, as it were, on its own. The size of the string forces that the conductor, Claudio Abbado, had chosen for the Fourth may have been large by the latest standards of reckoning; such things, yet since each line was delivered with total unanimity of spirit as well as of notes, there was a lightness about the music-making that was authentic in the strictest sense. Everything sang, in tones of wonderful sweetness, never cloying; one found oneself listening to the punctuation points of the argument almost as hard as to the main clauses, for almost all the sounds gave pleasure. (When they didn't — the first horn made an erratic showing, the tone of the oboist was pinched and narrow—even that acted as a standard of measurement for the excellence of the rest.)

Abbado should claim some of the general praise for allowing the character of the orchestra to permeate both of these performances. There seemed no attempt to pen the players' imaginative instincts, to force them into a virtuoso-conductor's mould. At a certain point in both, however, I began to long for a dominating intelligence prepared to concentrate those special Viennese virtues. The Beethoven was every bit as smooth and shapely in its lineaments as we have come to expect from Abbado's Beethoven after the recent LSO cycle (with the difference, of course, that smoothness and shapeliness of this calibre are much longer-lasting delights in themselves). The hints of martial fire that underpin the Adagio were persistently toned down; only in the finale, with its Rossini-in-Vienna semiquaver bustle of vitality, did the conductor indicate any kind of individual, personal view of the music.

The singing lines of the Great C Major were, if possible, even more radiant — in the long, marching melodies of the slow movement, luminous delicacies in trumpet and horn counterpointing seemed to confer a moonstruck poetry on the whole scene — while lacking every bit as much in dramatic fire and symphonic cogency. Abbado gives the impression of shrinking from the full force of notated accents; the thunder of repeated brass notes in the finale, which should arrive with earthshaking vigour, was here reduced to a distant, decorous rumble. Perhaps after all the last words of this notice should be those of simple gratitude: the sense of these readings may have been somewhat restricted, but the eloquence of the crisp afforded an experience of the rarest kind.

Zemlinsky/Albert Hall

Arthur Jacobs

Henry Wood introduced Schoenberg (the *Five Orchestral Pieces*) to the Proms in 1912: it seems strange that only now are we discovering Alexander Zemlinsky, Schoenberg's teacher and, as the history books are happy to point out, brother-in-law. So swift has been Zemlinsky's recent rehabilitation in Germany that the distinguished critic Horst Koegler has proclaimed a danger of his "over-exposure" there. We in Britain have still some considerable sampling to do, and the cordial reception of Zemlinsky's *Lyric Symphony* by Friday's Prom audience will no doubt encourage future hearings of this beautiful late-Romantic orchestral song-cycle.

The comparison immediately suggested is not with Schoenberg's music at all, but with Mahler's *Das Lied von der Erde*. As Mahler went to German translations of Chinese poetry, so Zemlinsky went to German translations of Rabindranath Tagore's poems (originally in Bengali, with the author's own English versions as the intermediary stage). Again two voices, this time soprano and baritone, share the songs, which are similarly in a non-narrative sequence. Though the Zemlinsky cycle is so much later (1922), a similarly powerful musical longing surges through it.

On Lorin Maazel's recording of the work, that powerful longing was expressed to perfection in the singing of Dietrich Fischer-Dieskau. Only a lightweight substitute for that (even if allowance is made for the awkward vocal conditions of tbe Albert Hall) was provided by the American baritone, Dale Duesing. But Elizabeth Connell's voice, delicately radiant yet giving full emotional strength to line and words, could hardly have been bettered for her role.

No stranger to the work, Dennis Russell Davies conducted it with a splendid richness of the orchestral palette (you could actually hear the harmonium) while maintaining proper consideration for the singers' tower notes. Under his beat the BBC Symphony Orchestra opened with a crisp delivery of Strauss's *Don Juan*, which was a very good teammate for the Zemlinsky piece; Ravel's piano concerto followed, less appropriate but allowing Philip Fowke to sbow his dashing, many-faceted keyboard atyle.

Antigone Legend/ICA

Andrew Clements

MusICA ended its 1984 season on Saturday and Sunday with performances of Frederic Rzewski's *Antigone Legend*, his setting for soprano and piano of Brecbt'a condensation of the Sopbocles play into the form of an extended *poem. In a* preface to the score the composer sugests that his piece should not be regarded as pure concert music, "but rather as an accompaniment to a visual representation of the play's action . . . either with hand-beld puppets or with a screen on which the most important scenes are painted, comic-strip style."

Tbe ICA presentation took up an ingenious combination of both suggestions. The puppeteer Caroline Astell-Burt depicted the action of the play by means of transparent puppets, manipulated on sticks, wbicb were back projected onto a screen. The cbaracters were given contemporary caricatures—Creon as the inflated dictator of a banana republic, the elders as bowler-batted gents, the dove of peace as a duck riding a bicycle—and the puppetry was fluid and imaginative. But it was nevertheless the sustained intensity of Rzewski's music whicb caught the attention.

Rzewski deals with the poem strophe by strophe giving each a fixed musical length and interleaving a number of strophes for the piano alone; they are to be regarded as the places in the drama wbere a chorus migbt intervene, or in this conception as opportunities for puppet dances. His vocal setting is straightforward — non-melismatic, favouring smooth contours over disjunct lines. He uses a modern English translation of the Brecht original by Judith Malina, highly idiomatic but which he claims is remarkably faithful to its spirit and metre. The piano accompaniment is cbaracteristically sinewy, highly virtuosic; the language veers between definite tonality, almost folk-inflected, and a strangely impersonal modality.

It is a brave mixture, but one which determinedly holds the concentration for the work's span of an hour. The climaxes are fierce and cogently presented; the tension is beightened at these points by vocal sonnds from the pianist, and by a variety of percussive effects in and around the piano. For the vivid impression a good deal of the credit must go to the performers, Linda Hirst and Ursula Oppens, superbly committed, dramatically precise. It was a *tour de force* of stamina as much as of virtuosity, and both met the exacting standards quite splendidly.

Chelsea art student wins Barclays Bank *painting prize*

Richard Gilbert, a 26-year-old student at Cbelsea School of Art, is the first-ever winner of the £10,000 Barclays Bank Painting Prize for post graduate art students—Britain's most valuable competition for young artists.

He was the unanimous choice of the judging panel, which comprised art critic Bryan Robertson, artist John Hoyland and Caryl Hubbard, chairman of the Contemporary Art Society, who selected his work from that of nearly 50 entrants.

Edinburgh in London

The winner of the 1984 Perrier Award for the best revue/cabaret on the Edinburgh fringe is The Brass Band, a group of five musical clowns from San Francisco. They will appear for two weeks, starting on September 17, at the Donmar Warebouse in Covent Garden.

For four weeks the Donmar is presenting the best of the fringe, including Fascinating Aida, Hull Truck, Fergus Early and Still Life.

Toga Mura Festival/Japan

Marie Myerscough

Eight hours away from Tokyo by train, 90 minutes' drive from the nearest railway station and high above the Japan Sea, Toga Mura is a remote mountain village beyond which the dirt track road finally peters out. For years, its sights and sounds had been mostly natural — frogs, cicadas, river and stream waters, and the gleam of fireflies among the rice plants. Even the human presence had dwindled, and the name had begun to disappear from all but the most detailed maps.

But for the last three years new notes have been evident, for Toga Mura has become the somewhat improbable home of the latest Japanese international arts festival. It is the handiwork of Tadashi Suzuki, Japan's most important avant garde theatre director, who has long lamented the modern Japanese tendency to abandon the countryside and who had been looking for a remote spot in which to establish an international village for performers away from big city distractions.

Toga Mura filled the bill because of its quietness and beauty and because he wanted to show how, in collaboration with the architect, Arata Isozaki, the traditional environment, with steep, thatched-roof farmhouses, could be put to contemporary artistic use.

Toga Mura may never be Edinburgh or Salzburg, but it is beginning to make its mark. It has attracted some notable international theatrical names—Zadousz Mantor, Robert Wilson, Shuji Terayama, Meredith Monk and JoAnne Akalaitis, Britain's Welfare State International and the Moving Picture Mime Show have also taken part; and in July six foreign and three Japanese groups came together for the eight-day event, including dancers from East Bengal, the British troupe Trickster, the Mabou Mines theatre from the U.S., under Lee Breuer; the traditional Japanese drum and dance group, Kodo, and a Belgian multi-media image projection.

But the *pieces de resistance* were, undoubtedly, two Japanese and one French production. Certainly the staging of Chekhov's *Three Sisters* was a magical mix of content and environment. Played in the open space of the dark farmhouse theatre (all black in line with Isozaki's interesting theories on darkness/illusion), it perfectly evoked the play's claustrophobic atmosphere.

The Lithuanian, Jonas Jurasas, ex-Moscow and now based in the U.S., directed Suzuki's own company, Waseda Sho-gekijo, in a dramatic poem version, in Japanese, whose length is dictated by the physical demands of the Suzuki acting method. The choral-style production, with stylised movement, some borrowed from Noh and Kabuki, captured the group's stagnation, delusion and existential problems both visually and symbolically.

The three sisters themselves (Chizuko Sugiura, Hiroko Takahashi and Ayako Watanabe) were depicted as a single entity, often clinging to a symbolic centrally hanging rope. The play was divided into three clearly defined sections; the birthday and the waiting for Vershinin, (played by Haruo Tabayama), which was portrayed as a ceremony; the group breakdown, reinforced by disintegration of the set, surrealist images and movement; and the departure and the end of illusion, which was given religious overtones and which included a Kabuki-like finale with streams of rice cascading over the sisters.

Although Chekhov may seem an unlikely subject for such treatment, the production worked because it brought out the essence of the play. Nor was its meaning lost on the locals living in a gradually depopulating village, to whom Tokyo may be a Moscow. This Jurasas version should be included in the company's repertoire when it visits London next year.

Equally impressive was the open-air production of a Noh play performed in its natural setting, a 550-year-old drama, *Shigehira*, brought back to life by a company, Hashi-no-Kai under Masakuni Asami, dedicated to such revivals.

A warrior play based on a 13th century incident when the son of a victorious clan leader was ordered by his father to burn down local temples, it depicts the wanderings of his guilt-ridden soul. The second manifestation of the ghost in full Noh robes and off-white mask was splendid by moonlight, the natural light and shadow perfectly evoking the inherent mysterious atmosphere of Noh.

The third unqualified triumph, *May B*, the Beckett dance-drama, also possessed both substance and form. Devised and choreographed by the director, Maguy Marin, the Ballet Theatre de l'Arche performed a dance-macabre of geriatrics and down-and-outs waiting for death redolent of Beckett's views on humanity and laced with brooding and grotesque images from European art and history.

Ten dancers in white make-up and costume shuffled around in a tightly choreographed and perfectly synchronised group, the director's abstract sections contrasted by a transition scene which included, in character, Godot's Lucky and Pozzo and Clov and Hamm from Endgame. The apt musical score ranged from a wild carnival piece for the orgiastic dance to the funereal Schubert *La Fille et la Mort*, suggested by Beckett himself. The overall impact was powerful and bleak.

A final highlight, and perhaps the only purely spontaneous happening of the festival, was provided by Mr Tokoname, a potter from Nagoya, who drew people to his cottage to listen to harp-like music produced by water dropping into a large ceramic pot, a listening pleasure popular in the Edo period of the 17th and 18th centuries. Mr Tokoname, in period kimono, hair waxed into an authentic topknot, moustached, enthusiastic and friendly, was a delight; he even conducted an impromptu tea ceremony for 60 people from the largest tea bowl in Japan.

Assessing the Toga Mura festival is not easy. More obviously needs to be done to bring it into line with others, particularly more discussions, workshops and material and announcements in English. But the setting is incomparable, not least the accommodation provided in villagers' homes in several surrounding villages.

Suzuki himself does not want an action-packed festival, since one of its purposes is to permit the contemplation of nature. The villagers themselves seem especially enthusiastic, not least because, true to the Japanese preference for consensus decision-making, they are very much involved in its planning and regard the festival proprietorially. It has, after all, put them back on the map from which they were being expunged.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet Sept 7–13

LONDON

Royal Opera, Covent Garden: Andrei Serban's new production of Turandot has two title-role singers (Gwyneth Jones, Ghena Dimitrova), two Calafs (Ernesto Veronelli, Nicola Martinucci), and two conductors (Colin Davis, John Barker) on show at different performances: Helen Donath's Liu, at least, is a constant. (2401066).

English National Opera, Coliseum: The first new production of the season is a brilliant and daring choice: Janacek's Osud, until recently his black sheep among operas, now beginning to be recognised, even in its slightly incoherent shape and form, as one of his most startling ventures. Osud (produced by David Pountney) comes in a double bill with Weill's Mahagonny Songs (produced by Keith Hack). Also in repertory: the Flying Dutchman revival, with Josephine Barstow and Neil Howlett, and The Barber of Seville.

Sadler's Wells: Northern Ballet arrives on Tuesday with a small-scale Sleeping Beauty.

WEST GERMANY

Berlin, Deutsche Oper: The week starts with Manon Lescaut. It has Charles Vanderzand making his debut as conductor in Berlin. Orpheus and Eurydike is perfectly cast with Florence Quivar, Lucia Peacock and Carol Malone. Die Lustigen Weiber von Windsor features Norma Sharp and Helmut Berger-Tuna. Fidelio, a Jean-Pierre Ponnelle production, has Peter Hofmann as Florestan (34381).

Hamburg, Staatsoper: *Boris Godounov*, produced by Kurt Herrer, with Kurt Moll in the title role. Othello is of respectable standard. Madame Butterfly has Raina Kabaivanska in the part of Cio-Cio San (351151).

Frankfurt, Opera: A new production of Eugen Onegin, produced by Alfred Kirchner. The cast includes Benjamin Luxon, Helena Doese and Margit Neubauer. Cav and Pag has Elena Obratszowa as Santuzza. It is conducted by Guiseppe Patane. (25621).

NEW YORK

New York City Opera (New York State Theater): Lotfi Mansouri's new production of The Mikado conducted by David Stahl with Elizabeth Hynes alternating with Claudette Peterson takes up most of a week that also includes the premiere of The Rake's Progress in a new production designed by David Hockney, conducted by Christopher Keene and starring Eric Mills, Joy Davidson and Jerry Hadley. Lincoln Center (8705570).

VIENNA

Staatsoper: Madame Butterfly conducted by Kulka; Aida; Dorizetti's The Love Potion with Taddei and Weikl; Barber of Seville conducted by Richter; Entführung aus dem Serail; Berio's Un Re in Ascolto conducted by Ulf Schirmer with Adam, Armstrong, Moser. (5324/2655).

Volksoper: Die Fledermaus conducted by Bauer-Theussl; Johann Strauss' Vienna Blood; La Bohème conducted by Marzendorfer with the Vienna Boys Choir. (5324/2657).

TOKYO

Min Tanaka, Modern Dance: directed and choreographed by Tatsumi Hijikata, the founder of Japanese buto (tortured Japanese avant-garde dance, well-known in the West; dancers paint their bodies white). Acclaimed particularly abroad, Min Tanaka is Japan's most creative modern dancer. This "historic" performance "Is it the Birth of Ren-ai Buto" will take the genre in a new (more lyrical?) direction. Dai-ichi Seimei Hall (Tue, Wed, Thur). (2163810, 3843051).

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A balanced Cabinet

FIRST JUDGMENT of Mrs Thatcher's Cabinet reshuffle and her naming of the new British Commissioners to the European Community must be that she has mixed imagination with caution. Two of the major appointments at least are to be welcomed unreservedly: Mr Douglas Hurd becomes Secretary of State for Northern Ireland and the Earl of Gowrie joins the Cabinet as Chancellor of the Duchy of Lancaster. Both would seem to have the thorough approval of Viscount Whitelaw, the Deputy Prime Minister. The more liberal strand in the modern Tory Party is clearly being preserved at a high level.

Once Mr Prior declared his readiness to leave the Northern Ireland office, there was always bound to be intense speculation about his successor. The appointment must give some indication of the sort of policy that is likely to be pursued in future. Mr Hurd was closely associated with Mr Edward Heath when he was Prime Minister, and must have had something to do with the attempted Sunningdale settlement a decade ago. As a former diplomat he was always most at home as a minister at the Foreign Office, yet his recent spell at the Home Office must have given him some experience of matters not irrelevant to Ulster. He is also an economic "wet" and Viscount Whitelaw has argued for some time that he should have been in the Cabinet before now. It thus cannot be said that Mrs Thatcher has been ridding herself of ministers with whom she does not always see eye to eye. Balance in the Tory Party is being kept.

More flair

The same goes for the promotion of Lord Gowrie. He was extremely close to Mr Prior when the latter was Secretary of State for Employment and later in the Ulster job. Recently he has been an outstanding government spokesman in the Upper House, including on economic policy, though his inclination again is on the "wet" side. Between them these two appointments probably strengthen the Cabinet and give it more flair.

At least one other appointment is intriguing. The introduction to the Cabinet of Mr David Young, previously the head of Manpower Services Commission and not a politician, could be useful. It is always helpful to have a Cabinet Minister free of departmental responsibilities especially if he is close to the Prime Minister, as Mr Young undoubtedly is. The Government should now have a troubleshooter at a high level, able to look out for banana skins such as GCHQ.

Computer age

It is right, too, that Mr John Gummer should no longer have departmental responsibilities as well as being a junior minister as well as how to pilot a Bill through the House of Commons. He should be free to get on with the task which he has already begun, of reorganising the party at the constituency level and of bringing it into the computer age.

One or two other appointments, however, are distinctly questionable. It is odd to put a liberal like Mr Hurd in the Northern Ireland Office and then give him Dr Rhodes Boyson as his deputy. It cannot be taken as read that the two men will work well together in an office where team work is essential.

The European appointments are not exactly eye-catching either. Lord Cockfield has technical expertise and has often been said to be a man of many talents, but he has not always shown them in public. His experience may be especially relevant to the current efforts, strongly supported by the UK, to remove non-tariff barriers to trade within the Community.

Mr Stanley Clinton Davis will keep up the tradition of there being a Labour Commissioner. No doubt Mrs Thatcher did not want to flatter the SDP-Liberal Alliance by offering the post to them. He had a steady enough record as a junior and Shadow Minister responsible for Trade and Aviation before losing his seat at the last General Election. Between them, the two men are hardly up to the standard of M Jacques Delors, the new Commission President who until recently was the French Finance Minister. That is a pity, but at least there has been a more sparkling approach to the Cabinet.

An early test for Oftel

EVEN BEFORE a majority of British Telecom's shares is offered to private investors later this autumn, the organisation has presented Government telecommunications policy with a difficult early test of the priorities which should apply once it is privatised.

The challenge arises from the request submitted to the Department of Trade and Industry by BT and International Business Machines, the world's largest computer manufacturer, for a licence for a proposed joint venture to run a sophisticated national data communications network.

Opportunities

In deciding on the request, Whitehall may have to make a fine judgment between what constitutes the legitimate exercise by BT of its new-found commercial freedom and the broader objective of promoting maximum competition in the telecommunications market. The Government has, indeed, already acknowledged the importance of the issues involved by inviting public comment on the proposal before making up its mind.

The project is aimed at one of the most promising opportunities to emerge from the much talked about "convergence" of technologies. It is intended to become the medium for a new generation of advanced services such as electronic payments, ordering and billing made possible by the inter-working of computers across communications circuits.

Reactions from much of the UK electronics industry so far have been hostile and suspicious. Other companies interested in providing electronic information services object that BT and IBM are so strong in their respective markets that if they are allowed to link up, the scope for genuine competition may be restricted.

Particular concern has been expressed about the proposal to base the network on IBM's proprietary data communications system, SNA. Critics contrast this with the Government's public support for the development of "open" data communications standards defined through broad-based international agreement.

BT and IBM insist that the proposed network will operate as an arm's length subsidiary, and that all parts of the electronics industry will be offered equal access to it. But some of IBM's rivals suspect that it may be hard to ensure even-handedness in practice and fear that its ability to set the standards used will give IBM a competitive advantage.

BT's case for the project rests firmly on commercial pragmatism. Since more than half its own subscribers already use IBM computers, it makes sound business sense to cater to them by allying itself directly with IBM. After all, has the Government not urged BT to be more responsive to customer needs?

Less publicly it is suggested that, left to itself, IBM would have gone ahead with a similar project anyway. BT argues that its own participation in the planned joint venture will ensure that UK interests are properly represented and that the potential of an important new growth business is exploited to the national advantage.

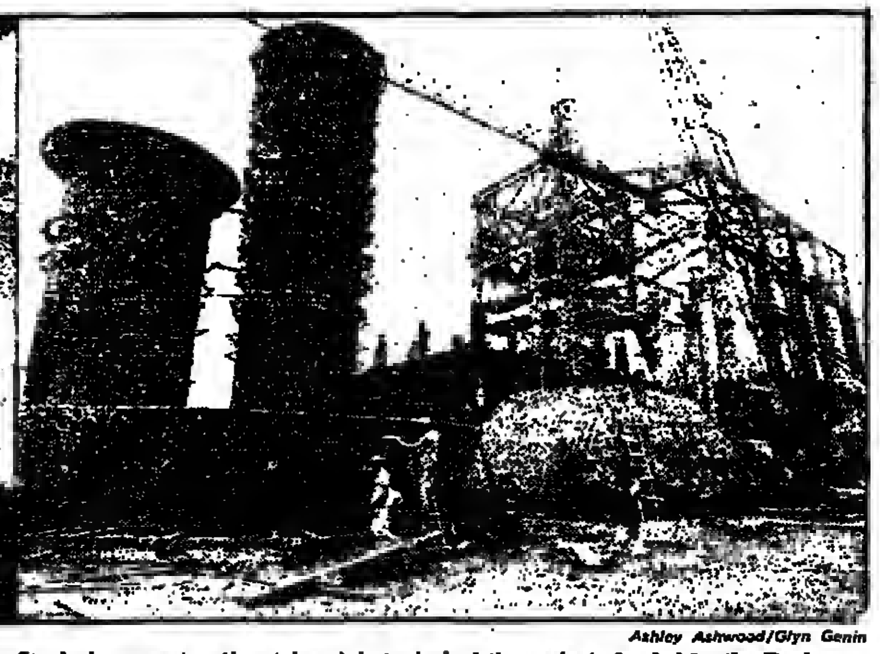
Unfortunate

There are undoubtedly elements of special pleading on both sides of the argument. But it also raises many questions—both about the implications of the specific project and about the wider aims of telecommunications policy—which deserve careful study.

It is perhaps unfortunate that the issue should have arisen while preparations for the flotation of BT shares are preoccupying the DTI and other parts of Whitehall. Some in the industry have also regretted that the six-week period for public consultation on the BT-IBM proposal has coincided with the summer holidays and a parliamentary recess.

However, there is no need for the Government to rush into a decision. It must, in any case, first hear the views of Prof. Bryan Carsberg, the director-general of Oftel, the statutory authority charged with ensuring fair competition in telecommunications.

Prof. Carsberg has promised to be scrupulously independent and to encourage open and informed debate. This is an excellent opportunity to put those pledges into practice by delivering an impartial opinion based on thorough analysis. Whatever his recommendation, he can at least usefully throw some light on aspects of Government telecommunications policy which have so far remained unclear.



Ashley Ashwood/Glyn Genin

Mr Tom Clausen, World Bank president. Steel plant construction (above) is typical of the projects funded by the Bank

Why the World Bank has poured money into Brazil

By Andrew Whitley in Rio de Janeiro

"THE IMF and the World Bank are like the surgeon and his physiotherapist. Both are equally necessary to help the patient recover his health," says Jose Botafogo Goncalves, a top Brazilian Planning Ministry official.

The analogy is an apt one in the case of the ailing Brazilian economy. It underlines the extent to which this country, with its $100bn debt and severe domestic adjustment challenges, is dependent on the continuing support of the World Bank, especially once the IMF's scalpels have done their work.

And it brings into sharp focus a player in the international debt crisis whose role may have appeared fuzzy to outsiders but which, at least as far as Brazil is concerned, has been just as influential as that of its neighbour across the street in Washington.

In reality, behind that fuzzy image World Bank officials have been just as tough as their counterparts: extracting long sought policy concessions from Brazil with little of the opprobrium the IMF has to put up with, and much public credit for helping out at a time of crisis.

On Brazil the two physicians have been working together remarkably closely over the past two years, much closer than either has publicly recognised.

A key board meeting of the Bank's executive directors last November spelt out clearly the demarcation lines: the IMF would concentrate on demand management issues while the Bank concentrated on the supply side, including the broad questions of growth and development. Information has been freely shared between the two institutions.

Thus, when the logjam between the Figueiredo government and the IMF over a new letter of intent a year ago was at its most serious, it was the World Bank which played a central role in disentangling the two sides and averting what would have been a very serious crisis for the international financial community.

As part of the financial package then being assembled—the basis for this year's return by Brazil to greater financial stability—the Bank made available two big loans totalling $655m, which broke new ground for the multilateral institution.

But coping with Brazil's liquidity crisis, as opposed to bankruptcy, as the situation was viewed by Mr Tom Clausen, the Bank's president, has also wrought changes in the opposite direction. The changes have applied particularly to the way the Bank administers its lending programme in the borrowing country.

One instance of the kind of change introduced by the experience of dealing with heavily indebted countries is the idea of the co-financing scheme now being promoted for all its worth. Earlier examples were the structural adjustment loans, dating back to 1980, and the two-year Special Action Programme launched last year.

Structural adjustment loans have so far been made available to 16 countries, ranging from Turkey to Kenya, and are judged a great success. The $2bn SAP, meanwhile, has provided a counter-point, by releasing funds for quick action projects affected by cash flow problems in the countries concerned.

In the second half of last year — the opening months of the programme — Brazil swallowed up two-thirds of the loans handed out to 35 countries.

Given the extent of its dependance on Mr Clausen's goodwill, imagine then the general surprise last month when Brazil told its benefactor it did not want to accept a major co-financing scheme already lined up between the World Bank and commercial lenders. In effect, Sr Antonio Delfim Netto, Brazil's economic chief, told the World Bank president that it would take a raincheck on the $2bn proposal.

Explanations for the abrupt about-face are hard to come by in Brasilia. But the best explanation is that this is only a tactical retreat. Brazil is watching closely the negotiations between its fellow Latin debtors — Mexico, Venezuela and Argentina — and has stated publicly that it aims to do better than them when its own negotiations commence next month.

Sr Delfim is obviously anxious to avoid getting boxed into terms with Brazil's commercial creditors which, although they may appear relatively generous at this stage, could be improved on later in the year.

Significantly, on returning home from Washington Brazilian officials also let it be known they were unhappy with the scale of policy changes being demanded by the World Bank in return for the co-financing loans. These reforms include a major liberalisation of import controls.

The arm twisting had encountered some tough resistance, and for the moment stalemate reigns.

Despite the setback, Brazil's rejection of the co-financing scheme—which would have brought in $250m in World Bank money alongside U.S.$1.75bn in commercial loans with "capped" interest rates—is unlikely to do any permanent damage to the relationship. The links are too important for that to happen.

Long before the debt crisis erupted, Brazil had been the Bank's most important borrower (excluding loans conceded by its concessionary arm). As of September 1982 — "Black September," when Brazil's reserves vanished—the World Bank and the International Finance Corporation, its subsidiary, had $2.4bn in loans outstanding to Brazil.

From that landmark date onwards there has been a stratospheric jump in the level of bank lending to Brazil, as well as qualitiative changes in the type of loans provided.

Sectoral, as opposed to project, loans have become the norm, with precise disbursement to end-borrowers left up to the central bank or the Federal Development Bank, and, for the first time, macro-economic conditions have been linked to the loans. Implementation of the policy changes is monitored regularly as the loan is disbursed, in classic IMF style.

Mr Clausen has personally pushed for all these changes, often in the face of unease from some Bank directors at the extent to which the institution is straying away from its original development creed towards the murkier, harder to control, waters of balance of payment support.

The figures show the enormous extent to which Brazil has benefitted: in the fiscal years 1983 and 1984 alone Brazil will have received over $2.5bn from the World Bank, more than the entire amount disbursed before the crisis began. The FY 1985 programme will add at least another $1.5bn.

Traditionally, Brazil has absorbed about a third of all the Bank's lending to Latin America. That percentage has now gone up to half.

Sr Antonio Delfim Netto (left): anxious to avoid getting boxed into the wrong terms. President Figueiredo (right): a sense of being fortunate

At a time when the World Bank's resources have come under unprecedented strain, it is evident that for broad geopolitical reasons advanced by the Reagan government, Brazil has been favoured over other needy borrowers.

The Figueiredo government readily admits it has been fortunate to have had Tom Clausen as bank president at this particular time, rather than his predecessor, Robert McNamara, who took a much more traditional view towards the role of his institution.

In contrast, Mr Clausen proved agreeably ready to listen to Brazil's arguments for sectoral loans. And he was prompt to act last year when that country's foreign exchange need was at its greatest.

Because of its long-standing involvement with Brazil, the Bank knew it had an important responsibility to help block the gaping breach in Brazil's balance of payments. "The challenge is to play a calm and steady role in helping Brazil weather its short-term international financial difficulties," a board meeting concluded.

Within the scope of a large, pre-set figure for commitments —a target to be filled—programmes were therefore advanced, new areas for lending discovered and loans "front-loaded." The straightforward aim has been to pump as much hard currency into the system as possible, as fast as possible.

An ironic side-effect of this "fix" is that Brazil now cannot take any more dollars as their conversion into cruzeiros at the much devalued exchange rate threatens to burst the IMF's money supply corset around the economy.

Another consequence, to which relatively little thought is being given is that the *Figueiredo government* has benefited disproportionately from the "frontloading" and will be leaving its successor, which takes over next March, to redress the balance. Whether the Bank will, in the end, be able to ensure that Brazil restores the originally agreed ratios between hard currency and local counterpart funds when the loan maturities reach their final years is very much an open question.

In the meantime, though, the Bank seized the opportunity presented by the country's need for hard cash to try and re-channel state spending in new directions.

Its main concerns in Brazil have long been the country's restrictive trade practices and the enormous waste of resources resulting from subsidised agricultural credit. Its economists calculated that in 1982 subsidised farm credit had cost the treasury over $5bn, the equivalent of 3 per cent of Gross Domestic Product.

Without doubt, the Bank's greatest success to date has been in persuading Sr Delfim to do away with these subsidies and free agricultural prices. Subsidies are now being phased out over a three year period, in a process made much less painful for the farmers by the simultaneous raising of support prices and freeing of controls.

In consequence, over the past year agricultural prices in Brazil have risen much faster than the general price index and have been a principal reason behind today's record inflation rate.

Currently, the Bank is also setting its sights on reforming the ambitious alcohol fuel programme and on bringing greater efficiency to the development of the north east, Brazil's most backward region. *The results* so far have been mixed: progress has been slow in the alcohol programme, where entrenched interests are at stake, but very good in the north east.

Another coup for the bank's staff, although one they do not trumpet too loudly, is the way in which they used their muscle over the energy sector successfully to cut down to size Brazil's overblown nuclear power programme.

Much harder, on the face of it, is the justification for the $352m the World Bank has already lent Brazil under the heading of "export development": financing imports under a "drawback" scheme designed to aid manufactured exports.

In recent years, World Bank money has found its way deep into the fabric of Brazilian daily life: building roads here, financing land reform there, providing capital for small industry. It is often replacing cruzeiros made scarce by the Government's commitments to its other paymaster, the IMF, and performing functions which would normally be those of the Government itself.

How much longer the Bank can maintain this high profile in Brazil, especially after the IMF programme expires in 18 months time, is a question it finds uncomfortable to answer.

How and when should the patient be weaned off his medicine? And how much longer should Brazil be treated as a special case, when its powers of recovery on its balance of payments have recently proved so strong?

Brazilian Government officials are realistic enough to know that their "take" from the Bank cannot go on for ever at this level. Nevertheless, they piously express the hope that it will—provided there is the necessary change of heart in the industrialised world required to boost their benefactor's resources.

Men and Matters

It's the real clothing

If marketing is what business is all about in the modern consumer world then Mohan Murjani is bidding to be one of the greats.

He has secured the rights to use probably the best known brand-name in the world—Coca Cola, in case you are guessing —on clothing.

A chain of 2,500 stores across the U.S. will, it is planned, retail a range of clothing and other goods carrying the Coca Cola logo.

Murjani says modestly of his new marketing concept that "It's impact will dwarf any previous happening in the apparel industry, including the last one, the launch of designer jeans.

On that subject he knows what he is talking about. He actually invented designer jeans, and in the process he discovered the remarkable power that a brand name could possess. He emblazoned the signature of Gloria Vandebilt on millions of American bottoms.

A dapper Indian whose father moved to Hong Kong in 1930, Murjani joined his father's garment-making firm in 1967 when he was 21. His first job was as managing director. His father's business had diversified into banking and real estate in the Far East. Murjani junior decided to re-focus upon clothes and to attack international markets—particularly the U.S.

With Gloria Vanderbilt jeans sales of Murjani International rose from $20m in 1976 to $150m in 1980, and are now running at around $350m.

Currently Murjani is dividing his still privately owned company into five profit centres with the aim, he says, of *creating the world's largest* branded apparel company. He forecasts, with that same modesty I noted earlier, a turnover of $5bn by the year 2000.

But not all Murjani's operations go smoothly. In Britain he ended a two-year Gloria Vanderbilt agreement with Courtaulds early this year and opposing claims are still outstanding in the courts.

"For the time being on this route, we fly you there and your luggage goes BCal"

Midland motors

Midland Bank, it must be said, has been in the wars lately; not least with Crocker National Bank, its California subsidiary. None the less, it can hardly be accused of failing to seek out new blood.

Its success in poaching Frank Fitzpatrick, unlikely though it seemed, from the post of BL finance director to head the bank's group planning is the latest in a string of appointments which suggest Midland still has pulling power.

Although BL would scarcely seem the obvious hunting ground for a major clearing bank to pick up talent, another new Midland acquisition is Michael Julien the group finance director. His last berth was at BICC but he knew Fitzpatrick when they were both at BL. Julien is currently deploying his sharp financial wits trying to repair the damage at Crocker.

In the past six months alone, Midland has absorbed $175m in Crocker losses. Then there is Ernst Brutsche, an American and Hervé de Carmoys, a Frenchman, both high flyers on the international banking circuit who now head, respectively Midland's treasury and international divisions.

And only a few months ago, Dudley Nigg, a senior partner at Deloittes, took over group audit on a three-year secondment.

True to his tight-lipped reputation Fitzpatrick was keeping mum about the move yesterday. But having weathered the last ten years at Leyland, raised £2bn, in government support in the Michael Edwardes era, arranged £277m in bank lines, and finally masterminded the Jaguar sell-off, the motor trade must have lost some of its novelty for him.

Helping hand

Red faces at the London stock exchange, I notice. In August a council official Susan Selwyn wrote to all members that the council regarded an un-named merchant bank's intention to make a market in UK listed electrical shares, "as a regrettable fragmentation of the central market. . . ."

The merchant bank is Robert Fleming. It has started making a market in 22 electrical shares.

Sir Nicholas Goodison, stock exchange chairman, has also openly attacked the Fleming move.

All of which makes a recent issue of the Stock Exchange Daily Official List surprising reading. It carried a proud advertisement from Robert Fleming announcing the establishment of a UK securities trading desk.

"It just goes to show what a democratic place this is," says an official.

Pope moves markets

The Pope's movements are normally of little concern to North America's financial markets. But Toronto securities dealers are moving heaven and earth to accomodate His Holiness's visit to the city later this week.

Canadian financial markets will barely operate on Thursday as traffic in central Toronto is disrupted by the crowds expected to watch the Pope's procession through the city.

Two security courier services, Brinks and Wells Fargo, will close for the day bringing deliveries of share and bond certificates to a stop.

"A very unusual situation," says an official of the Investment Dealers Association, noting the Pope has chosen to arrive on the day that C$3.5bn of treasury bills are due for redemption. For the first time in history (except for public holidays), the Bank of Canada has agreed to move its weekly treasury bill tender to a day other than a Thursday. This week, the trend setting bank rate will be fixed on Wednesday and the bank will accept post dated cheques for treasury bills.

Clearing and settlement dates for money stock and futures market transactions have been shifted to make September 14 a "non-day."

Look out Arthur!

Police, the journal of the Police Federation, reports that a memo has been circulated to the Nottinghamshire force — "Some shirts bearing the word Rentokil may inadvertently have been dispatched from stores in the current shirt issue . . .".

Observer

Letters to the Editor

Competition in the air

From the Managing Director, Tradewinds Airways

Sir,—I watch with great interest the present debate on competition policy in civil aviation, which despite some appearances to the contrary is not just a private fight between the two giants, British Airways and British Caledonian.

Much of the argument relates to the disparity in size between BA and BCal, though in his letter (August 20) the managing director of BCal was careful to refer to the "enormous imbalance in size between BA and the independent airlines," no doubt in order to place BCal the more clearly on the side of those seeking greater opportunities from freer competition.

But to anyone small independent airline the perspective is quite different. To us, BCal is big. When I heard Sir Adam Thomson at the Financial Times World Aerospace Conference describe the Civil Aviation Authority's route reallocation proposals, which BCal describes as "the blue touch paper to the competition rocket" I might have concluded that he favours competition with BCal by smaller airlines as well as competition by BCal with larger ones. And when he added that "competition in air transport rests on nothing else than access to the franchise controlled international scheduled service market" I might have concluded that he would at least do nothing to make more difficult the access to that market by BCal's smaller competitors.

But, it seems, I should have been wrong. Tradewinds, an airline with some 15 years' experience of operating cargo charters to Nigeria, and possessing excellent credentials for supplying a competitive stimulus in the scheduled service market, has recently applied to the CAA for a licence to operate scheduled air cargo services to Nigeria. BCal, however, whose main business on the Nigerian route is to carry passengers, has formally objected to the application. I hope wiser counsels will prevail and BCal will withdraw the objection. Otherwise, since so many of BCal's arguments against BA apply equally against its own action in objecting to Tradewinds, they must surely damage the credibility of its case in the eyes of the Government.

Norman Curtis,
Timberham House,
Gatwick Airport,
Sussex.

Europe's future prosperity

From Mr B. Cassidy, MEP

Sir,—Your editorial "In place of hope" (September 1) made rather unhopeful reading for those concerned about the future prosperity of the European Economic Community. I wholeheartedly concur with your description of the "European disease" of low growth in the EEC. The reasons for it are all too plain. Why does the Community continue to devote so much of its scarce resources to agriculture—no longer a principal employer of labour? Why does the European Commission continue to promulgate regulations which make the EEC labour market even more inflexible and protected? Why, so long after the EEC was founded, is there no real freedom of movement of goods, and no freedom at all from competition from financial services?

In spite of the claims about the EEC constituting a major market of 267m people, the reality is of a large potential market still fragmented into ten national markets, each nation concerned to protect its own interests. Add to that the increasing tendency of the EEC towards protectionism towards international competition and the future does not look too rosy.

The institutions of the Community including the Parliament should spend much more of their time on demolishing barriers to trade, de-regulation and creating conditions for the free movement of goods and people which characterise the much more successful United States economy. Regrettably, although the good intentions are there as expressed by the heads of Government after the Fontainbleau Summit, the European Commission whose responsibility it is to bring about these objectives seems remarkably reluctant to do so. Perhaps some of the money currently wasted on piling up agricultural surpluses could be more profitably employed in creating the conditions for growth of those sectors of industry and commerce where new jobs can be created. It is ludicrous to continue to spend two thirds of the budget on agriculture—a sector of the industrial economy which has been shedding labour as fast as it can go.

Bryan Cassidy.
97 Portland Road, W11

The reality of takeovers

From Mr J. Ilett.

Sir,—"Observer" in his column of August 28 turned to the interesting subject of takeovers.

The logic is simple. If you have management strength without opportunity then buy opportunity, if you have opportunity without management strength then buy management strength. As Christopher Hogg rightly says there must be some relationship between management and opportunity which argues against over-diversification. Sir Adrian Cadbury is right in warning against the takeover of companies with a similar product range, which leads to dilution of opportunity and blunts the competition needle that continued success requires.

Takeovers for financial reasons only are the province of asset strippers who are the locusts of industrialised society and should be treated as such.

J. D. Ilett.
Flowery Field House,
Hyde, Cheshire.

Signs of a better logic

From Mr D. Brooks

Sir,—J. H. McEnery implies (September 5) that the 1984 Budget changes are for the better. While the previous system had its faults, so long as companies ploughed back their profits into Britain they paid no corporation tax; that is, no tax on their efficiency. Frugality and hard work which is what largely creates profits and what corporation tax taxes. For many successful companies the effect of the changes will be to increase tax from nil to 35 per cent, which is not the best way to encourage the accumulation of capital in our best led businesses.

To tax efficiency is silly and the first year allowances permitted a modification of corporation tax which modification is being removed. The Government was elected on a pledge to increase indirect and reduce direct taxes and the outcome is that from 1980 to 1985 indirect taxes as a percentage of general government receipts will have progressively fallen from 39.5 to 38.9, whereas direct taxes have risen from 36.3 to 37.4.

The corporate changes in the Budget are a further step down this wrong road. The message from the Government is clear, if you want to pay less tax on your efficiency and hard work, do not plough profit back, spend it.

Maybe it is not the same for all sectors of business, but for successful medium and small companies the Budget was not "better", it was close to a disaster.

David Brooks.
245, Whitehorse Road,
Croydon.

The product life cycle

From Mr M. van Mésdag.

Sir,—I agree with much of what Mr Rex van Rossum says in his well written piece "Is the theory of life cycles pure humbug" (August 23). I disagree with him that the product life cycle concept is humbug. Our disagreement is along the lines of the "half full" versus "half empty" argument.

The product life cycle model says to managers: "If you don't change anything in your product design or formulation, your packaging, your distribution system, your selling, your promotion tactics and your advertising strategies, your product will eventually die." An appreciation of the product life cycle concept is not, as Rex van Rossum suggests, a screen for marketing and management people to hide their complacency behind, rather it is a spur to change things—to innovate. The product life cycle concept is not valuable because it provides blindsight with an intellectual varnish, it is valuable because of its predictive worth; it is capable of pointing to the time in the future when declining profit growth rates will make it mandatory either to replace existing products or to bring about innovations in the present product offering.

Mr van Rossum nearly lost his job when he queried the life cycle stage of wheels. Wheels have not come to the end of the cycle, but wooden wheels have; timepieces form a growing market but mechanical watches are dying, canned, audio/visual entertainment is buoyant, but cinema's are in decline.

The product life cycle model does not apply to brands unless brands are confined to products which are starved of innovative action to "keep them abreast of consumer needs" (and desires). The product life cycle concept is alive and kicking marketing people into innovative action.

I am as apprehensive about analogies between products in markets and human beings as Mr van Rossum, but I know that an appreciation of the product life cycle concept has spurred many managers into necessary action.

Martin van Mésdag.
Leeward House, Ferry Road,
Burnham-on-Crouch, Essex.

Universities and industry

From the Chairman, University Directors of Industrial Liaison

Sir,—I read with wonder David Fishlock (September 5), quoting Sir Henry Chilver who purported to tell him that ". . . most universities are not interested in closer ties with industry. They pick failed academics as liaison officers and vice-chancellors do not discuss closer ties." Could this be the same Sir Henry who recently set up an organisation concerned with commercial exploitation of university research?

As a "failed academic" who is also a member of the Vice-Chancellors and Principals Industry Advisory Committee, may I let readers know that, of the present 50 members of UDIL, it seems that only nine are "ex-academics," the others having been sensibly recruited from outside the universities with experience of industrial management, consultancy, technology transfer including patenting and licensing, and the building of small high-technology businesses into larger, job-creating enterprises. Of these nine, one is a former (successful) vice-chancellor with a distinguished prior industrial record and others have behind them substantial applied research publications and teaching success as well as previous industrial experience.

UDIL members believe in improving the ties between industry and the universities and our ex-academic members have been prepared to relinquish our "narrow, even selfish, concern with our own chosen problems" in order to make a contribution towards fulfilment of this belief.

We hope that the distinguished ex-academics and industrialists who were Mr Fishlock's sources will recognise that beneficial changes of attitude are occurring albeit at a pace commensurate with the small manpower effort dedicated to their achievement.

(Professor) Derek Smith.
QMC Industrial Research Group,
Queen Mary College,
University of London,
229, Mile End Road, E1.

Investment in energy

From the Director, Association for the Conservation of Energy

Sir,—By seeking to ridicule Mr Alex Henney's arguments about the need to compare investment in new energy supply sources with investment in energy conservation, Dr L. G. Brookes (August 30) merely reinforces the case for making just such comparisons.

I am surprised Dr Brookes is so unaware that a large number of electricity supply utilities in the U.S. now carry out precisely these kinds of calculations before committing themselves to spending the thousands of millions of dollars practically every new energy supply source seems to require.

Perhaps because being privately-owned they have stockholders to whom they have to justify expenditure, and ensure the best potential rates of return on their investment, a multitude of American utilities have concluded that it frequently makes sounder economic sense to set up active programmes to assist their customers actively to restrain their energy demand.

To take one example (more or less at random): the largest utility in the U.S. is Pacific Gas and Electric serving 3m homes and 500,000 businesses within northern and central California. Under their ZIP scheme (zero interest program), they offer a free visit to a customer's home by an energy specialist, to audit the energy use in the house and point out which improvements can be made, and how swift savings would accrue from each new measure introduced.

Individual loans of up to $3,500 (over £2,500) can then be made to enable the various conservation measures to be installed, either by a list of state-certified local contractors or on a do-it-yourself basis. Approved conservation measures include many not even acknowledged in the Building Regulations for Britain.

These loans are then paid back interest-free over several years on a monthly basis, and payment can be written off against state and federal taxes. For some low-income families, P G & E is now installing the energy saving measures free of all charge.

Pacific Gas and Electric's explanation for this apparent altruism from a privately-owned corporation is outlined frankly in its promotional leaflets: "It is simply more cost-effective for P G & E to continue serving customers with existing energy supplies. By encouraging energy conservation, P G & E can avoid buying costly fuel and constructing expensive power plants."

I remain as surprised as both Mr Henney and the Commons Energy Committee obviously still are, at the apparent total failure of anybody within the British nationalised energy supply industries to do these sums.

Andrew Warren.
9 Sherlock Mews, W1.

Risks and portable pensions

From Mr C. Wilkinson

Sir,—Mr Bascbe (September 5) raises some interesting questions and if the points he makes are true then they are an indictment of the present state of most pension schemes.

But it does seem to me that the views expressed are not widely supported. I have seen little evidence that senior employees are disenchanted with the performance of their pension funds. Indeed, most such employees are in schemes which relate pension entitlement to earnings at or close to retirement and those pensions are not subject to the vagaries of investment returns beyond the employee's control. Can money purchase portable pensions provide the same guarantee? Of course not!

Further, there is strong evidence that the actual investment returns of most pension funds over the last 10 years has outpaced both inflation and earnings by a significant margin.

As to "outside" additional voluntary contribution schemes enabling pension shortfalls to be funded at a lower cost—it is difficult to see how this could be so. The commission and expenses of such arrangements are likely to be higher than under a group arrangement with the obvious effect on the return for the member. Indeed, the DHSS in the consultative document "Personal pensions" admits ". . . personal pensions will involve more risks and higher administration costs than occupational schemes. . . ."

I think Mr Bascbe is shooting at the wrong target when he complains of the lack of transferability between company and self-employed schemes. It is the Inland Revenue which prevents such transfers.

C. R. Wilkinson.
2, Falconwood Road,
Addington
Croydon,
Surrey.

Curbing an aerial outrage

From Mr J. Cooper

Sir,—The report on acid rain (September 7) by the Commons Select Committee on the Environment reveals yet again how backward environmentally this country is compared to our European neighbours. The Government continues to prevaricate about the need to control sulphur dioxide, nitrous oxides and hydrocarbon emissions despite the growing international consensus about their effects in promoting acid deposition, even though some of the precise synergistic chemical reactions remain obscure.

The Government has supported the Central Electricity Generating Board refusal to reduce sulphur dioxide emissions from power stations until the results have been obtained from a £5m 5-year study of acidification in Scandinavia sponsored by the CEGB and National Coal Board under the auspices of the Royal Society which was initiated last year. On the balance of all the available evidence the Select Committee has concluded that retrofitting of desulphurisation equipment to power stations must begin immediately if this country aspires to join the "30 per cent club," countries committed to a 30 per cent reduction of their SO_2 emissions between 1980 and 1993, let alone achieve the 60 per cent reduction by 1995 proposed by a recent European Commission draft directive.

Even if the cost of electricity is increased by 4 per cent, which is the latest estimate produced by the CEGB, improved environmental conditions for fish, forests and historic buildings will be well worth it.

Jeff Cooper.
Socialist Environment and Resources Association.
9, Poland Street, W1.

The futures industry

Now it's a question of survival

By John Edwards, Commodities Editor

SHIVERS of apprehension are running through the world futures industry following the news that Refco has acquired the major assets of ContiCommodities, one of its leading rivals.

Refco has already made a name for itself in the industry as an aggressive organisation with considerable financial muscle. Any strengthening of that muscle is seen by some competitors as threatening, particularly as futures brokers are having a rough passage.

After a long period of expansion, futures brokers are finding it difficult to generate sufficient extra business to earn reasonable profits. The boom years are gone. The watchwords are no longer expansion and prosperity, but consolidation and survival.

Futures markets were originally developed to provide insurance against unpredictable price fluctuations for producers, consumers and traders wishing to deal for forward delivery of commodities. More recently, financial futures have extended the same protection to the money and stock markets.

Already Merrill Lynch, the biggest broker, has cut its futures activities drastically on both sides of the Atlantic. Other companies, too, which had built up staff and overheads are cutting back. Yet others are seeking protection by merging with big groups in other financial areas, notebly stockbroking.

One difficulty has been the ending generally of negotiated commissions; another, the rise in interest rates. Commission houses were once able to make extra income by earning interest on clients' margins and deposits. However, the higher interest rates, and the entry of bigger and more sophisticated investors into the markets, has made clients more insistent on being credited with interest.

At the same time, costs of high-tech machines, and staff to work them—essential for futures brokers to remain competitive—are running high. So cots bave to be made by all but the most successful.

Conti has, perhaps, suffered more than many since the attempt by Nelson Bunker Hunt (left) to corner the silver market and the subsequent debacle

Conti has, perhaps, suffered more than many since the attempt in 1980-81 by Nelson Bunker Hunt, the Texan oil billionaire, and his associates, to corner the silver market and the subsequent debacle. Conti was a protagonist in the drama, and its parent company Continental Grain had to provide about $100m of extra capital for Conti.

Mr Michael Fribourg, head of Continental Grain, has since made no secret of the fact that he was prepared to sell Conti at the right price. A deal was very nearly struck last year with Paine Webber, the big Wall Street brokerage house, but broke down at the last moment over who was going to be liable for meeting any outstanding law suits against Conti—mainly as a result of the silver debacle. When no other buyers emerged it looked as if Continental Grain was prepared to soldier on and back efforts to restore Conti's reputations. However, the company was dealt two further blows. Two separate *arbitrage* programmes (trading in different markets to take advantage of price discrepancies) in the company's branch offices in New York and Houston, went wrong.

Clients involved in the New York sugar/cocoa programme are suing for $95m in a class-action suit, while the losses from the Houston-based dealings in foreign currencies and government securities earlier in the year are said to be considerable.

Mr Fribourg swiftly changed the management, reinstating Mr Walter Goldschmidt, who founded Conti in 1970, as president.

No figures have yet been quoted on the price paid by Refco, but industry rivals believe it to have been relatively low. An important point in the official announcement of the deal was that Refco would not assume responsibility for outstanding claims or litigation against Conti.

For Mr Fribourg, these have been difficult times. The reputation of Continental Grain, one of the world's largest grain merchants, was being put at risk by a subsidiary.

When ContiCommodities was formed by Continental Grain in 1970 it was seen as a logical diversification taking advantage of the parent company's contacts in the world commodity markets and its strong financial base. Cargill, the big rival to Continental Grain, has successfully diversified in a similar manner including the formation of a futures brokerage subsidiary, Cargill Investors Services.

ContiCommodities was successful during the boom years of the 1970s. Yet its very success may have been its undoing, with the sums involved multiplying dramatically with the recent growth in financial futures. Refco also started from agricultural sources. It was originally a cattle-trading company in the Mid-West, which grew quickly after reportedly making a considerable amount of money from speculating in cattle futures in the late 1970s.

It has since used that money to spread its interests and the company has become a leading force in all the futures and financial markets, managing big investment portfolios. Refco and its affiliates have net capital assets of more than $150m and more than 50 offices in the U.S. and overseas. In 1981 it became one of the 37 primary dealers in Treasury securities for the U.S. Federal Reserve. Its spectacular growth, however, has been marked by many law suits and brushes with regulators. Last year the U.S. Commodity Futures Trading Commission (CFTC) imposed its biggest fine—$525,000—against Refco and its head, Mr Thomas Dittmer, for allegedly exceeding speculative limits in several agricultural futures markets on the Chicago Board of Trade.

In 1979, the Chicago Mercantile Exchange fined the company $250,000 on charges of negligence in office record-keeping and suspended Mr Dittmer from trading for six months.

There have been several legal actions against the company, accusing it of manipulating the market or losing clients' money, including one on behalf of a $200m Middle East investment fund that was eventually settled for an undisclosed sum.

Refco and Mr Dittman are both treated with some caution by some of their competitors.

In 1981 in an effort to expand internationally Refco eppointed two highly experienced futures traders, Henry Maringer and George Lamborn, as co-chairmen of Refco International Futures. They both left amid recriminations and law suits last year, with Mr Maringer going to ContiCommodities.

Since then, Refco has tended to concentrate its activities on the U.S. markets. It is estimated that if all the Conti business was retained, Refco would be responsible for nearly 20 per cent of the total clearings on the American futures exchanges.

FINANCIAL TIMES
Tuesday September 11 1984

Utilities to control Ruhrkohle in final reshaping

By Rupert Cornwell in Bonn

FAR-REACHING changes in the ownership of Ruhrkohle, West Germany's leading coal supplier, are finally going through. They will shift the company from the orbit of the steel industry into that of leading energy utilities.

The overhaul, which was approved yesterday by a meeting of Ruhrkohle shareholders in Essen, is the climax to lengthy and intricate negotiations stretching over many months, in which the Federal Government has played a powerful part.

The two most important moves are increases in the stakes held by Veba, the energy conglomerate in which the Government has a 30 per cent interest, and Vereinigte Elektrizitätswerke Westfalen (VEW), the country's largest electricity supplier.

Under the complex deal, of which no financial details were released, Veba is acquiring the interests previously held in Ruhrkohle by the two steel concerns, Mannesmann and Klöckner-Werke, of 7.4 per cent and 4.7 per cent respectively. That will increase Veba's overall stake from 27.2 per cent to just under 40 per cent.

At the same time VEW, through its subsidiaries Beteiligungsgesellschaft für Energieunternehmen (BFE) and Alte Haase, will lift its share of Ruhrkohle's DM 534.5m ($180m) capital from almost nothing to 21.9 per cent.

That will be by the acquisition of the interests previously held in the coal concern by two other steel companies, Salzgitter and Krupp, of 10.9 and 6.2 per cent respectively, as well as of the smaller interest which belonged to the French-controlled Harpener AG.

After the reshuffle, Thyssen, with 12.7 per cent, and Hoesch will be the only steel companies to retain a financial stake in Ruhrkohle, a drastic reduction that symbolises the changing function of the coal industry in West Germany.

Like the steel industry, on which it depends, Ruhrkohle has lost substantially in recent years and reported a DM 212m deficit in 1983, when it reduced its workforce by 4,400. Meanwhile power stations have overtaken the steel companies as its most important customer for coal.

The way for yesterday's package agreement was only cleared when the North-Rhine Westphalia government dropped its earlier intention of being represented at Ruhrkohle, via the publicly-owned WestLB bank.

That followed strong opposition to such an idea by both Bonn and the Federal Cartel Office, which feared that that would allow a single-state government to exert disproportionate control over a company that owned three quarters of all West Germany's coal.

It remains uncertain whether VEW will be able subsequently to lift its stake from 22 to over 30 per cent, as at one point planned. The one remaining foreign shareholder of Ruhrkohle, Ste Nouvelle Sidechar of France, had wanted to sell its 8.3 per cent interest to VEW, but that has been opposed by the federal authorities.

For 1984, Ruhrkohle expects to shed a further 4,000 or more workers and bring down its capacity to 55m tonnes annually. It is currently spending DM 420m a year on investment to retain the ability to raise output if required, however.

Hopes fade for end to British docks dispute

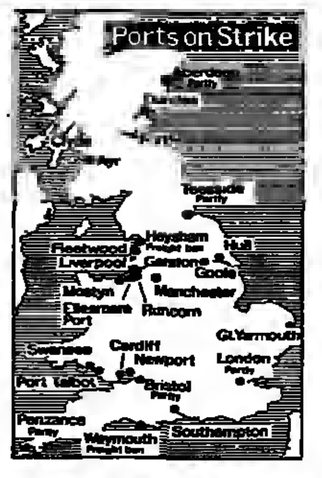
BY BRIAN GROOM, LABOUR STAFF, IN LONDON

BRITISH port employers' hopes that the national docks strike was crumbling were frustrated yesterday. Dockers failed to return to work in large numbers at the Port of London's Tilbury docks – the country's biggest – despite the result of a ballot which showed that the majority wished to do so.

The Port of London Authority had announced at the weekend that 52 per cent of the 2,800 London dockers had voted to end the two-week-old strike in a secret ballot conducted by the employers. However, only 102 Tilbury dockers crossed picket lines yesterday morning and 112 in the afternoon. Normally 750 men would have been expected to work on each shift.

The port authority was disappointed, but it pointed out that the numbers working were 30 per cent up on last week and that more lorry drivers had crossed picket lines. It is considering further steps to entice more strikers back, such as providing special buses.

It was suggested that the absence of a large-scale return to work was due to the men's loyalty to their union, the Transport and General Workers Union (TGWU), which called the docks strike – the second of the year – over British Steel's alleged use of strike-breaking labour to unload a coal ship. Dockers had refused to handle the ship in support of the UK coal strike.



There are also fears of intimidation by pickets, although there have not been the violent scenes on the picket lines that have been a feature of the coal dispute.

The GWU also tightened its grip yesterday on other ports such as Teesside in North-east England and Great Yarmouth in East Anglia. The ports at a standstill yesterday would normally have handled 46 per cent of non-fuel seaborne trade by tonnage. That is the highest level of disruption since the strike began.

The National Association of Port Employers said 8,248 dockers were on strike yesterday (compared with 7,780 last Thursday) and 5,883 working. The employers fear that the strike might continue until the miners' dispute is settled. Although its effects are patchy, the stoppage is becoming increasingly expensive and inconvenient for companies.

There was some return to work at Bristol yesterday, when more than 300 of the 912 workers reported, many of them driving past pickets in a convoy of cars. But the number was insufficient to start work on the three strikebound ships in the port.

At Teesport, where 500 dockers were instructed last Friday to rejoin the strike, only 21 men reported for the early shift and none in the afternoon.

At British Steel's Teesside terminal, the 80 dockers have stopped work. The terminal supplies coal and iron ore to Lackenby steelworks, but there is no immediate threat to the plant. In Scotland, where the dispute began at British Steel's Hunterston terminal, dockers' representatives reaffirmed support for the dispute.

Scattered signs of progress at talks on UK miners' strike

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

TALKS BETWEEN Britain's National Coal Board and the National Union of Mineworkers (NUM) were continuing last night at a hotel in Edinburgh – with some scattered signs that progress was being made.

Mr James Cowan the Coal Board's deputy chairman and, in strictly relative terms, the most loquacious of the negotiators, whose mouths have been firmly shut, admitted that the talks were going "moderately well" when he arrived for the second session yesterday afternoon.

None of the NUM's three national officials – Mr Arthur Scargill, the president, Mr Peter Heathfield, general secretary, and Mr Mick McGahey, vice-president – have commented on the talks.

Mr Scargill issued a statement in the morning from the hotel where the NUM side is staying, however, discounting a report in yesterday's mass-circulation Daily Mirror newspaper that any settlement resulting from the talks would be put to the mineworkers in a ballot.

The statement said the NUM special delegates conference held on April 14 had instructed the officials to put "any acceptable proposals to a recalled delegate conference for a final decision."

Both sides are clearly pacing the talks, taking them in two to three-hour sessions with relatively long breaks between. This contrasts with previous meetings where the talks have either dragged on for exhausting marathons or broken up quickly with mutual recriminations.

SDP on miners, Page 8

Mondale presents plan for attack on deficit

Continued from Page 1

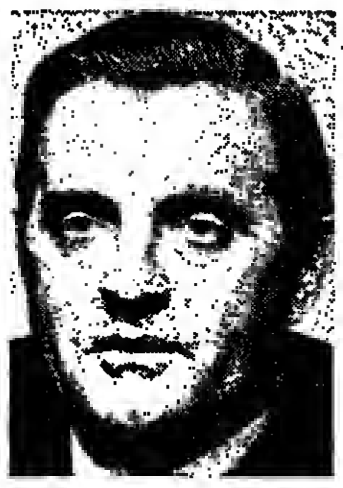
tal bomber, the MX ballistic missile and the "star wars" programme for space-based defence.

Mr Mondale's plan still calls for an annual average real increase in military spending of 3 to 4 per cent. Over the past four years, Mr Reagan has generally sought real increases of 10 per cent or more, finally settling at the end of the congressional bargaining process for something more like 5 to 7 per cent.

His programme, however, also relies on economic growth and lower interest rates to bridge the rest of the gap, just like Mr Reagan's. The Mondale programme projects that interest rates would be down to 7.5 per cent by the end of a first Mondale term.

The new Mondale revenue-raising measures would include modifying the "indexing" introduced under the Reagan Administration, which allows income tax brackets to keep pace with inflation, and changing some elements of the third year of Mr Reagan's personal income tax cuts, which have already gone into effect.

There would be a 10 per cent sur-



Mr Walter Mondale

charge on married couples with incomes of over $100,000 a year, and on single people earning more than $70,000. There would be a 15 per cent minimum corporate tax on business income, and a crackdown on tax shelters, loopholes and "accounting abuses."

Australia sets terms for foreign banks

Continued from Page 1

In other measures announced yesterday, Mr Keating said the Government was lifting the rule limiting individual share holdings in Australian banks to 10 per cent, and abolishing the requirement that life insurance companies and some pension funds hold at least 30 per cent of their assets in public securities.

The Government is also waiving for 12 months foreign investment rules that require merchant banks to be 50 per cent locally owned, with no more than 60 per cent held by a single local interest. The aim is to promote rationalisation and restructuring of the merchant banking sector so as to enable it to cope with the pace of deregulation in financial markets.

The entry of foreign banks was formerly prohibited under Australian Labor Party guidelines. Mr Hawke and Mr Keating have, however, gradually weaned the party away from dogma and into almost total acceptance of their own pragmatic, right-of-centre views.

Employers welcome new Paris emphasis on profits

By David Housego in Paris

THE FRENCH employers federation has given a cautious welcome to the new emphasis on corporate profitability proclaimed by M Laurent Fabius, the Prime Minister. It has also called on the Government to translate its good intentions into action.

M Yvon Gattaz, the head of the Patronat, yesterday called for a lifting of price controls and a loosening of foreign exchange controls.

Speaking two days before Wednesday's presentation of the 1985 budget, he called on the Government to lower industry's costs by a more substantial reduction in the *taxe professionnelle* – a type of payroll tax – and to provide further incentives to investment through tax credits.

The Government is already committed to reducing its receipts from the *taxe professionnelle* by FFr 10bn ($1.1bn) next year, but the employers say this will not compensate for the higher rates companies will have to pay this year.

The repetition by M Gattaz of familiar employers' federation demands barely acknowledges the change in emphasis under M Fabius. This tough attitude reflects the determination by a substantial part of the Patronat to decline any compromise with the Socialists – despite the departure of the Communists from the Government.

It contrasts with the more flexible position demonstrated last week by the pro-Socialist CFDT union, which has dropped some of its objections to more flexible working practices demanded by employers. Employers and unions had the first of two meetings yesterday to discuss the problems of small companies taking on staff.

In a sharp reversal of its previous position, the CFDT has waived its defence of some of the tax and labour regulations to which small companies are subject in France. Under French law companies whose workforce exceeds 10 are automatically required to pay additional taxes and provide for a delegate to represent employees in negotiations.

The CFDT has declared itself flexible on altering these regulations, which have been a deterrent to new job creation and are strongly resented by small concerns.

M Gattaz called yesterday for a removal of the obstacles which companies meet in taking on staff and declaring redundancies. He said greater flexibility would create more jobs.

He also called for an easing of the regulations on part-time work, which has been frowned on in France by both the Socialist Government and by the unions.

Communists informally make the break, Page 3

Ministers in Rio trade talks

By Andrew Whitley in Rio de Janeiro

TRADE MINISTERS from a wide range of developing and industrialised nations are to meet privately in Rio de Janeiro this weekend for four days of discussions on the direction of world trade until the end of the century.

Among the 15–20 countries expected to be represented are the U.S., Japan, France, Australia, India and Yugoslavia. Mr Arthur Dunkel, Secretary General of the General Agreement on Tariffs and Trade (Gatt), will also be present, although the meeting is not a formal Gatt conference.

Publicity about the meeting is deliberately being kept to a minimum to allow the participants to address long-term issues, affecting multilateral trade, without the distraction of current problems.

The Rio de Janeiro conference is a follow-up to a preliminary session, held in Washington earlier this year, at the invitation of Mr William Brock, the U.S. Special Trade Representative.

Most of the original participants, including Mr Brock, are expected to take part again.

Selection of the participants was determined according to rough criteria of geographic diversification and varying stages of development, according to a Western diplomat. Representatives from the World Bank and the International Monetary Fund have also been invited to attend the two rounds of talks.

No formal agenda is believed to have been set. The choice of topic is likely to be influenced by the main concerns of the host nation, Brazil.

Barter 'against developing countries' interest,' Page 7

THE LEX COLUMN

Exchange in a tight corner

The London Stock Exchange has always been torn between its public commitment to an open UK securities industry and its supervision of a central market whose members enjoy the benefits of exclusivity. The conflict between the two was at the heart of the OFT's case against the exchange and has not diminished since that action was dropped.

In criticising Robert Fleming's decision to make prices in UK electrical shares outside the central market, the stock exchange chairman has effectively abandoned the one argument which, however, flimsily, reconciled these two uncomfortable positions. The time-honoured proposition that the stock exchange was simply one of a number of possible marketplaces which happened to dominate because it offered the best service at the best price could just about be supported as long as no one was prepared seriously to challenge it.

Now that Fleming has thrown down a gentlemanly gauntlet the stock exchange has perhaps not surprisingly declined to pick it up.

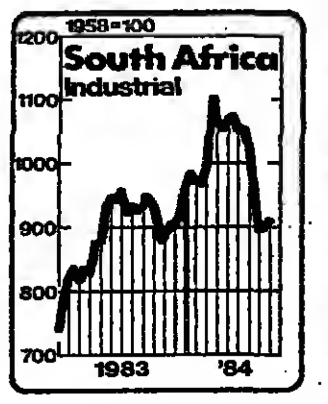
The stock exchange chairman is quite properly concerned to prevent a fragmentation of the central market, but the way to secure this laudable objective is to lift the restrictions on stock exchange membership rather than to discourage fair competition.

The tacit support offered by the Government and the Bank of England to Fleming's move suggests that the exchange's criticism will win little sympathy in official quarters.

The profusion of deals incorporating a clear option for a non-member to move from 29.9 to 100 per cent of a member firm has already made the present rules look anomalous. There seems no good reason why a relaxation of membership requirements should coincide with the introduction of negotiated commissions – indeed too big a bang on one day would not be helpful to anyone.

The longer the stock exchange delays on this issue, the more it will create the impression that members are arguing about the cost of a seat, rather than matters of real substance.

The more likely explanation of the package's timing is that the Government finally succumbed last month to the spreading conviction that gold and other commodity prices were not about to rise. Lack



of confidence in a higher gold price has been evident for months in the sharp cut in capital expenditure in South Africa's gold fields. But having allowed public expenditure to soar for a year or more on the back of hopes that gold and South African exports would receive their normal boost from world economic recovery, the Government understandably took a little longer to come to terms with reality.

Now that it has done so, the prospects for South African industry must be bleak. Higher taxes and overdraft rates of 25 per cent are squeezing profitability just as volume sales in many sectors are plummeting. Even if the Reserve Bank's tough new stance on monetary policy starts to pull inflation back from around 12 per cent, the repayment of heavy overseas borrowings may well stymie much recovery in the rand. There is not much in all this to reassure foreign investors alarmed by current political developments in South Africa; but it is a repeat of last year's drought conditions which would cause real alarm domestically.

South Africa

At least two awkward questions arise over yesterday's manufacturing output figures from Johannesburg. The July index shows a 1½ per cent fall on June, which appears a less than ringing vindication of the South African Government's austerity package introduced at the beginning of August. The same index also shows a year-on-year increase of 8 per cent since July 1983 – and the contrast between this and the one-month movement underlines the economy's abrupt change of gear this summer, which will prompt serious misgivings about the current trend of corporate profitability.

Firm evidence of the July downturn was obviously still in the pipeline when August's deflationary measures were announced. But it might be rash to assume that the Government would have held back its package had it only been more prescient. After all, the improvement in the current account deficit was clear for all to see between the first and second quarters, while interest rates by June were already clearly curbing the consumer boom.

Lonrho/Fraser

The latest in Lonrho's long-running series of diatribes against the House of Fraser is probably the shoddiest and least constructively expressed of the inglorious collection. An irrelevant tombstone-like comparison of Fraser's profit record since the death of Lord Fraser with that of Lonrho since the arrival of Mr Rowland – at about the same time – gets the document off to a tasteless start, an impression which is not dissipated by anything that follows.

Lonrho's purpose of urging shareholders to vote against the re-election of Professor Smith and his boardroom colleague Mr Ernest Sharp, is at least a consistent step in the campaign, but it is questionable whether the giving of such advice accords in spirit with the undertaking not to exercise Lonrho's own votes against the professor. Nor is any argument given to shareholders to explain why they are being asked to depose Mr Sharp, although reasons for making such an extraordinary request would surely be in order.

Perversity apart, what the dispute now comes down to, it seems, is Lonrho's fear that having failed to take control of Fraser, it might end up having to realise its investment on unfavourable terms.

Lonrho may indeed be worried by thoughts of getting locked into a minority position while Fraser drifts into commercial oblivion and the share price dwindles, but although Fraser's performance at solving some fairly difficult problems in the last four years may have been less than brilliant, it is impossible to see how this sort of statement could do anything to improve it.

Bonn public-sector pay claim

Continued from Page 1

much of industry and in recent years have seen their pay fall in real terms.

The Government feels the greater job security enjoyed by civil servants means that they should be ready to accept smaller pay increases, and points out that West German inflation is currently at a 15-year low of 1.7 per cent.

Frau Wulf-Mathies received powerful support yesterday from the country's 392,000-strong railway workers' union, which submitted an identical claim. The pay negotiations this autumn would be an acid test of the sincerity of the centre-right coalition's declared desire to work closely with the trade unions, the railway workers' executive said.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	73	Dubrovnik	S	24	75	Malaga	S	34	93	Salzburg	C	12	54
Akrotiri	S	27	81	Faro	S	25	77	Malta	S	29	84	Seoul	C	25	77
Algiers	S	31	88	Florence	R	18	64	Manila	C	32	90	Singapore	R	28	82
Amsterdam	C	16	61	Frankfurt	R	14	57	Miami	S	31	88	Stockholm	R	12	54
Athens	S	28	82	Funchal	C	23	73	Milan	F	21	70	Strasbourg	C	14	57
Bahrain	S	37	99	Geneva	C	18	64	Moscow	F	18	64	Sydney	S	21	70
Bangkok	T	31	88	Gibraltar	S	28	82	Munich	F	13	55	Taipei	C	35	95
Barcelona	S	25	77	Guernsey	S	19	66	Nairobi	—	—	—	Tangier	F	24	75
Beirut	S	28	82	Helsinki	R	11	52	Naples	F	23	73	Tehran	—	—	—
Belgrade	S	27	81	H. Kong	S	31	88	New Delhi	S	30	86	Tel Aviv	S	30	86
Berlin	C	15	59	Innsbruck	F	11	52	New York	F	22	72	Tenerife	—	—	—
Biarritz	F	21	70	Inverness	F	12	54	Nice	S	27	81	Tokyo	C	32	90
Blackpool	F	15	59	Istanbul	F	24	75	Oporto	—	—	—	Toronto	C	23	73
Bordeaux	C	20	68	Jersey	F	16	61	Oslo	S	14	57	Tunis	F	30	86
Brussels	C	14	57	Jo'burg	F	18	64	Paris	F	16	61	Valencia	S	28	82
Budapest	—	—	—	Las Palmas	—	—	—	Prague	F	12	54	Venice	F	21	70
B. Aires	S	19	66	Lima	C	21	70	Reykjavik	F	7	45	Vienna	C	13	55
Cairo	S	33	91	Lisbon	S	25	77	Rio de J'o	S	21	70	Warsaw	R	17	63
Cape Town	S	21	70	Locarno	—	—	—	Rome	S	25	77	Zurich	—	—	—
Caracas	C	29	84	London	C	16	61								
[illegible]	[illegible]	[illegible]	[illegible]	Los Angeles	S	28	82								
[illegible]	[illegible]	[illegible]	[illegible]	Luxembourg	F	13	55								
[illegible]	[illegible]	[illegible]	[illegible]	Madrid	S	28	82								
Dublin	F	15	59	Majorca	F	29	84								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Manufacturing costs in UK grow more slowly

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE BRITISH Government's hope that the underlying inflationary trend will continue downwards was encouraged yesterday by official figures showing a 2 percentage point fall in the annual rate of increase of manufacturers' materials and fuel costs.

The figures, from the Department of Trade and Industry, showed producers' input prices rose 6.4 per cent in August, compared with 8.4 per cent in July.

This fall reflected a reduction in prices paid for food materials. The index for prices of materials paid by the manufacturers other than those in the food and drink trade fell by 0.4 per cent between July and August.

The index for materials bought in by Britain's food processing companies fell 2.2 per cent.

Manufacturers' selling prices rose 5.6 per cent in the 12 months to August, little changed from the figure for July.

These figures appear to confirm the evidence from the latest survey of manufacturers by the Confederation of British Industry that inflationary pressures remain subdued.

They will be particularly welcomed by the Government in advance of the retail price inflation figures for August, which will be pushed up by the rise in home loan interest rates.

This will add about 0.8 per cent to the retail price index for the month. Unwelcome though this is, it is not, however, regarded in the Treasury as being a serious inflationary worry, since a fall in the home loan rate will reverse the effect.

More worrying for the Government is the rapid rate of increase of average earnings, which rose 7¾ per cent for the economy as a whole last year and by a little over 9 per cent in manufacturing industry.

The 6 per cent depreciation of the pound's trade-weighted value since last December can also be expected to put some upward pressure on inflation, because it will raise the price of imports in sterling terms.

This depreciation has been reflected in the rise in producers average buying prices, which have been rising at an annual rate of about 8 per cent in recent months.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday September 11 1984

Fluor sees upturn in industry despite sharp profit setback

BY TERRY DODSWORTH IN NEW YORK

FLUOR CORPORATION, the Californian-based mining, engineering and process plant construction company, said yesterday that it expected a steady upturn in the industry despite a fall in third-quarter earnings to $1.9m against $8.9m a year ago.

The results, the equivalent of 3 cents a share compared with 11 cents in 1983, underline the decline in the company's performance since its peak year in 1981, when it earned $159.2m. Net profits fell last year to $80.7m and at the end of nine months this year, amounted to $22.9m against $63.7m a year ago.

Although sales have slipped to $1.1bn in the third quarter against $1.27bn a year ago, the company stressed yesterday that orders were recovering strongly. In the third quarter new orders rose to $1.58bn from only $389m a year ago, while for the first nine months they have risen to $3.1bn from $1bn.

Mr David Tappan, president and chief operating officer, said that the work backlog was also up by 17 per cent from the second quarter after declining for 12 consecutive quarters. "The improvement in new orders this year is evidence that the economic upturn is gradually working its way into the engineering and construction industry," he said.

Industrial projects were an important factor in the new order pattern, while energy-related activity reflected a trend towards releasing first phases of projects.

"Profits from Fluor's engineering and construction operations lag upturns," Mr Tappan added.

Fluor also announced yesterday that Mr John Robert Fluor, chairman and chief executive, and the third generation of the family to head the company, had died at the age of 62. The board is to meet today to discuss the succession. Insiders own about 3 per cent of the company's equity.

Vallourec to sell stake in banking subsidiary

BY PAUL BETTS IN PARIS

VALLOUREC, the leading French steel tube manufacturer, is negotiating the sale of a controlling stake in its banking subsidiary to Groupe Bruxelles Lambert, the international Belgian financial group.

Vallourec said yesterday it would continue to maintain an important shareholding in Société Industrielle de Banque (SIB), the French deposit bank it has owned since 1970.

Vallourec owns 90 per cent of SIB, which was part of the steel group's general diversification strategy in the last decade.

The French company is now however centring its activities on two main core businesses – seamless pipes for the energy industry and the construction sector and shedding assets which no longer fit in the group's new strategy.

The change in capital structure which will see the Belgian group take control of the French bank is expected to involve the sale of Vallourec shares in SIB and subsequently an increase in SIB's capital stock.

The Belgian financial holding owns 10 per cent of Banque Bruxelles Lambert and has been expanding internationally.

The acquisition of a majority stake in SIB, which has increasingly become a bank concentrating on medium and large enterprises, will enable the Belgian financial holding group to implant itself in France.

Continued growth for Heinz in quarter

By Our Financial Staff

H. J. HEINZ, the Pittsburgh based food group, continued its recent trend of profits growth in the first quarter of fiscal 1985 ended August 1, lifting net profits from $61.5m or 87 cents a share to $72m or $1.06.

Sales rose from $940m to $1.02bn, while earnings per share have been restated to reflect a stock split.

The company, which has about 50 per cent of the U.S. ketchup market and also has strong positions in sauces, baby foods, beans and soups, attributed the rise to a 10 per cent increase in unit volumes from domestic and foreign operations.

This helped produce a 16.1 per cent rise in operating income, but Mr Anthony O'Reilly, president, said this rate would not be maintained for the rest of the year. He added, however: "We do expect to achieve results for the year consistent with our historical growth record."

For the last fiscal year ended April 30, Heinz earned $237.5m on sales of $3.9bn.

Apple cuts price of Macintosh

APPLE Computer has introduced an upgraded version of its Macintosh personal computer and lowered the price of the original version by $300 to $2,195. The new 512K Macintosh has four times the data storage capacity of the original model. With its additional memory, the Macintosh will be capable of running business modelling programmes, and other sophisticated software, as they become available.

The announcement, several months ahead of schedule, strengthens the Macintosh as a competitor in the business sector of the personal computer market.

Why Paribas changed its mind on Becker

BY PAUL TAYLOR IN NEW YORK

FOR MANY of Becker Paribas's 2,000 employees the unofficial end-of-summer Labor Day holiday also meant the end of a job as they joined the increasingly lengthy Wall Street equivalent of the unemployment queue.

Merrill Lynch's $100m acquisition of troubled Paribas Becker was, for them, little short of a disaster and another striking example of the shake-out underway within the U.S. securities industry.

Merrill Lynch, the largest of the Wall Street securities firms, has hired only about 250 of Paribas Becker's already slimmed down payroll. Since then some Becker employees have been picked up by other Wall Street firms who have pored over Becker Paribas' remains like vultures after the kill.

For example, Paine Webber announced last Friday that it was acquiring Becker Paribas' Chicago-based interest rate futures trading unit, which employs 30 people, and most of Becker Paribas' retail brokerage branch offices – which employ about 180 brokers – have been sold off separately from the Merrill Lynch deal.

The surprise August 6 announcement that Paribas, the French nationalised bank, was quitting the increasingly competitive Wall Street securities industry has focused attention on Wall Street's problems and changing faces.

While Merrill Lynch, with over $2bn in capital, dwarfed Becker Paribas, the 16th largest Wall Street securities firm with $227m in year-end capital, by just about every measure, both companies shared a common set of problems – losses caused by market conditions and a top-heavy cost structure, management turmoil and a shifting strategy.

Less than two months earlier Paribas appeared to signal a lasting commitment to Becker by buying out the firm's remaining 200 individual shareholders who held a 43 per cent stake. The final decision to sell out, however, appears to have been made quickly.

According to Mr Herve Pinet, the executive Paribas chose to head Becker 15 months earlier when the French bank bought up a 25 per cent stake held by S. G. Warburg, the London merchant bank, the decision to sell reflected several different factors.

In particular the sale of Lehman Brothers Kuhn Loeb, a medium-sized Wall Street firm like Becker, to Shearson/American Express in May, apparently focused Paribas' attentions on the doubtful future of its own Wall Street offspring.

Mr Pinet says Paribas, which has invested at least $225m in Becker, ended up owning 100 per cent of Becker "contrary to our own wishes." Apparently Becker's remaining individual shareholders became alarmed about its losses, believed to total around $70m in the nine months to July 31, and wanted to get their capital out. Even at that stage Mr Pinet says Paribas "at no time considered selling out."

What changed Paribas's mind was an acute awareness of a new wave of consolidation on Wall Street – highlighted by the Lehman acquisition – and a realisation that in order to survive as a profitable independent company Paribas would have had to invest additional "large amounts of capital in Becker."

Mr Pinet maintains Becker's performance, under Paribas' sole control, would have improved, but Paribas decided the clock was against it and began to look for buyers in late July.

Two main potential bidders emerged – Merrill Lynch and Paine Webber. But the negotiations proved difficult and the prices discussed failed to match Paribas' expectations – particularly since Shearson/American Express had paid a hefty premium over book value for Lehman.

Eventually, after throwing in Becker Paribas's $125m in tax loss carryforwards, Merrill Lynch agreed to pay $100m for Becker – excluding its retail operations and certain other units which Merrill did not want.

Paine Webber is believed to have offered slightly more, but Paribas chose Merrill Lynch because of the earlier business relationship between the two companies.

Paribas also emphasises that through the terms of the deal it will retain a strong foothold on Wall Street by becoming Merrill Lynch's largest single investor.

Under the terms of the deal Merrill Lynch issued 3.15m new shares with Paribas receiving 2.835m – or roughly a 3 per cent stake, and the remainder being set aside as bonus payments for those Becker employees lucky enough to be asked to join the Merrill Lynch team.

Paribas has said it will buy at least an additional 2 per cent stake in Merrill Lynch, thereby ending up with just over a 5 per cent stake in the Wall Street firm and retaining its treasured status as one of only 17 foreign banks allowed to own more than 5 per cent of a U.S. investment bank.

For Merrill Lynch, which itself lost $33m in the second quarter and is in the midst of a massive cost reduction programme aimed at cutting 2,500 jobs this year, the deal nevertheless holds a number of attractions.

Not least of these are the financial details. In return for $100m in stock Merrill Lynch will receive the tax loss carryforwards and the estimated $60m in cash in hand at Becker. Some analysts have suggested it represents virtually a "risk-free" transaction.

Becker's commercial paper business is the jewel in the crown for Merrill Lynch. Even before the Becker auction began in July eight firms apparently approached Paribas to see whether it was willing to sell this part of its business.

Some Wall Street analysts, however, query whether Merrill Lynch has the capacity at present to take on the major challenge of integrating those parts of Paribas Becker it has bought into its capital markets division.

Volvo plans to pay $78m to boost Hamilton holding

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

VOLVO, Scandinavia's biggest industrial corporation, is planning a $78m cash offer for a further 4m shares in Hamilton Oil, the U.S. oil group, pushing its stake close to 50 per cent.

Volvo said yesterday that if more shares were offered it might purchase a larger stake. It had no plans at present to increase its holding beyond 50 per cent, however.

Volvo already holds 31.7 per cent of the Hamilton Oil equity after earlier purchases from the Hamilton brothers, who founded the company. The latest offer will increase its holding to 47.6 per cent.

Volvo is offering $19.50 a share. Hamilton's stock, which is quoted in New York and London, has recently been trading about $16 a share. No time limit has been set on the offer.

Volvo has chosen to make Hamilton its main vehicle for investment in the oil and gas industry, having tried earlier with little success to break into oil and gas exploration on its own account.

Hamilton Oil is a substantial U.S. independent oil group with proven reserves of around 170m barrels of oil equivalent. It had a turnover last year of $200m and net earnings of $15.7m.

Its most important reserves are in the UK sector of the North Sea, where it was the first oil company to produce crude oil in commercial quantities. It is operator for the Argyll and Duncan oilfields and the Esmond gasfield development in the southern sector of the North Sea.

It also has a substontial share in the North Sea Bruce field, which might be developed in the late 1980s.

As part of an earlier deal Mr Frederic C. Hamilton, Hamilton's chairman and chief executive, has agreed to retain those posts at least until April 1988.

● **Pharmacia**, the Swedish health care and biotechnology group, is to form a development company in the U.S. to increase its engagement in small, high-technology ventures in pharmaceuticals, diagnostics and biotechnology.

The company said yesterday that it was the first Swedish company to seek to build up systematically such contacts with researchers and product groups in the U.S. market.

Pharmacia said it sought equity stakes of varying size in the ventures.

Tenneco to buy Ekco

BY OUR NEW YORK STAFF

TENNECO, the Houston-based conglomerate with interests in oil and gas pipelines, said yesterday that it was acquiring Ekco Products, the aluminium container group subsidiary of American Home Products. No financial details of the deal were announced.

Ekco Products, which manufactures disposable aluminium foil containers and other aluminium, plastic and paper products, together with a line of commercial bakeware, has a large share of the U.S. wholesale market and will become part of Tenneco's Packaging Corporation of America subsidiary.

The sale by American Home, the pharmaceutical and consumer products group, represents the latest in a series of divestitures within its Ekco Housewares division. Earlier this year American Home sold its 73 per cent stake in Prestige the UK-based pressure cooker company, to Gallagher for about $51m.

Ekco Products and Ekco Housewares, which claims more than half the $15m-a-year U.S. market for reusable bakeware, make up the remainder of the division

U.S. CHEMICAL GROUP RETURNS TO TAKEOVER TRAIL

Union Carbide's $300m shopping list

BY CARLA RAPOPORT IN LONDON

UNION CARBIDE, the U.S. chemicals group, is still on the acquisition trail despite its recent failure to purchase a large U.S. industrial gas group.

Mr Alec Flamm, president of Union Carbide, said in London the group had recently tried to acquire Liquid Carbonic, a subsidiary of Houston Natural Gas, for about $300m. That deal fell through when Union Carbide was outbid by a rival suitor.

The group was still examining acquisition possibilities for Carbide's three growing divisions – industrial gases, consumer products, and technology, services and special products – and has up to $300m to spend, he said.

These divisions according to Mr Flamm, represented the future of Carbide, which last year posted net earning's of $79m on sales of $9bn.

"The cyclicality of the chemical business cannot be eliminated." Mr Flamm said. "What we can do is reduce our investment in petrochemicals and improve our technology and marketing in the areas of profit growth."

Carbide has divested itself of $1.4bn worth of assets in the last few years, eliminating about $250m in losses. The group pulled out of petrochemicals in Austrialia and Sweden, reduced its dependence on the steel industry, and sold its medical instruments and electronics businesses in Europe. With these disposals, symbolically, went the calcium carbide division which gave the group its name more than 100 years ago.

While making these large divestitures Carbide made an equally important decision to license its plastics technology to any takers, rather than remain a large producer with substantial manufacturing facilities around the world. This decision has boosted profits and protected it from traumas of the oversubscribed commodity chemical business.

"We could have held the technology to our hot little chests and exploited it within the group, but with energy prices and raw materials rising, we decided that the technology was not so profound that countries with cheap feedstocks could not compete effectively with us. So we decided to license."

The countries with cheap feedstocks include Saudi Arabia, which is putting the finishing touches to a $10m petrochemical complex based on its own, cheap natural gas. Saudi Arabia's first petrochemical exports have helped intensify competition in the over-supplied market to such an extent that last week Du Pont, a major methanol producer, decided to quit the market.

"Three (plastics) plants in Saudi Arabia will be using our technology." Mr Flamm said. "And we will make money on every pound of polyethylene sold." Those still making polyethylene in Europe, he said, would either have to shut capacity or suffer reduced prices when the Saudi products arrived next year.

Union Carbide Capital Spending	1982	1985
Petrochemicals	31%	11%
Metals and Carbon Products	6%	6%
Industrial Gases	26%	24%
Technology, Services and Speciality Products	27%	40%
Other	10%	19%
Total Spending	$1.1bn	$700m (est)

"History has demonstrated that whenever you sell technology, you are selling your birthright, but now technology is a world market, and this has been great for the company."

Mr Flamm did not break out the contribution licensing made to profits, but its general division, technology and services contributed 24 per cent of Carbide's sales last year and 30 per cent of its profit.

Mr Flamm expects the company to continue to emphasise technology and marketings. Its Glad brand plastic bags are one of the best-selling consumer products in the U.S., after Pampers, the disposable diapers, and Charmin, the bathroom tissue, both from Procter & Gamble. Glad has not met with much success outside the U.S.

"Carbide has long had the know-how in technology, but has not been known as a hot marketer. But we have a $2bn consumer products business, so this is something to build on."

The money for acquisitions could be devoted to consumer products, as well as industrial gases – an area in which Carbide is also growing.

Although Carbide has reduced its presence in petrochemicals in Europe to almost zero, Mr Flamm stressed that the group was committed to Europe as part of its long-range strategy. Sales in Europe this year are likely to be nearly £1bn, stemming from its activities in carbons and metals, and special products which range from molecular sieves to sausage casings.

The group's large exposure overseas led Mr Flamm to make an impassioned attack on the dollar's continued strength. "Let me say I find it extremely unsettling to have a strong dollar, in terms of translating foreign earnings, competing in world export markets and the penetration of imports in the U.S. If and when it changes, it will have an instaneous, positive effect on Carbide."

Carbide in 10 years time would be a technology company, not a commodity chemical company. "We don't intend to have another investment in petrochemicals for more than 10 years."

Pfaff lifts first half performance

By John Davies in Frankfurt

PFAFF, the West German sewing machine manufacturer, boosted sales and profits in the first half of this year.

Sales revenue at DM 429m ($143.7m) was 11 per cent higher than in the same period last year, with the share of revenue coming from abroad edging up to 68 per cent. Sales of industrial sewing machines were 12 per cent ahead at DM 288m, while household sewing machine revenue was up 10 per cent at DM 141m.

Pfaff said earnings were better than a year ago, but gave no profit figures.

The company increased its worldwide net profits to DM 7.1m last year from DM 600,000 in 1982 and increased its dividend to DM 6 from DM 5 in 1982.

INTL. COMPANIES & FINANCE

Operating result at Bell Group more than doubled

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BELL GROUP, the diversified Perth-based master company of Mr Robert Holmes à Court showed a 127 per cent improvement in consolidated operating profit for the year to June 30 to A$40.54m (U.S.$ 34.46m) and is again making a scrip issue, on the basis of one-for-five.

The final dividend is 5 cents a share for an unchanged total of 10 cents a share.

Mr Holmes à Court said the group had performed well across its full range of operations including the London-based Associated Communications Corporation (ACC) formerly run by Lord Louis Grade.

Turnover at Bell Group was A$440.9m, down 13 per cent. Interest paid was A$31.31m against A$36.78m previously, while depreciation was A$8.94m compared with A$9.94m, and amortisation of film and television rights, A$33.64m compared with A$39.08m. Other income, including investment income, was A$28.74m.

A financial statement from Bell Resources, Mr Holmes à Court resources investment vehicle, is expected today.

The Bell Group chairman said that the drop in turnover last year was the result of selling off unpredictable operations, like the London-based subsidiary Jetsave Travel.

Both in Australia and abroad, he said, all member companies of Bell Group were showing much stronger profits though all were operating below capacity. "What we have been doing is disposing of our extraneous assets and using the funds for those we are keeping," said Mr Holmes à Court.

● Tooth and Company, the Australian group 82 per cent-owned by Adelaide Steamship company, showed a profit of A$31.1m (U.S.$26.4m) for the year to June 30.

The final dividend is 17.5 cents a share for a total of 35 cents a share. Last August Tooth sold its brewing activities to Carlton and United Breweries, for A$160m which transformed it into a diverse holding company, with major investments in wine, dairy foods, and property.

● Caltex Australia, the oil group, has converted an operating loss of A$21.4m in the June half last year into a profit of A$4.1m (U.S.$3.4m) for the first six months of 1984. Pre-tax losses for all 1983 were A$73.8m. The group has not declared an interim dividend.

● G. J. Coles & Co, Australia's leading retailer, plans to acquire Katies Fashions (Australia) for an undisclosed sum in cash and shares, effective November 5, according to a joint statement, reports Reuter from Melbourne.

The takeover is subject to approval by the Foreign Investment Review Board and would not include the current manufacturing activities of Katies. An agreement had been reached for the long-term supply of manufactured garments.

Katies, which operates 117 women's fashion stores in Australia, has annual turnover of about A$100m said Mr Brian Quinn, managing director of Coles.

Coles said it had no previous stake in Katies, a privately-owned unlisted company.

Sime Darby insurance merger

By Wong Sulong in Kuala Lumpur

SIME DARBY, the Malaysian plantation-based group, has announced a merger of its insurance business with the East West Insurance Group to create one of the biggest insurance companies in Malaysia.

Under the deal, Sime will transfer United Malayan Insurance to EWI in return for a 50 per cent stake in the enlarged company. Sime said the enlarged EWI will have annual premium income of 70m ringgit (US$30m), and shareholders' funds exceeding 65m ringgit.

Apart from operating in South East Asia, EWI recently acquired a subsidiary company in the UK.

Sime said the merger was in line with the Malaysian Government's desire to see the formation of bigger local insurance companies, capable of taking a more active role in the industry.

Sime had been actively looking to expand its insurance operations in the Far East and entered into a joint venture with the Fireman group of the U.S. in June 1982 for the purpose. However, the joint venture was terminated last April. It never got off the ground partly because of Fireman's preoccupation with tackling its heavy losses in the U.S.

Aberdare Cables cuts dividend

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S worst post-war recession coupled with cheap imports have combined to cut deeply into the earnings of Abedare Cables, the country's principal electrical cable manufacturers. The compnay bas responded to sharply lower earnings and concerns that recovery now seems unlikely until 1986 by cutting dividends to conserve cash.

Aberdare Cables, which is 67 per cent-owned by Philips Gloeilampenfabrieken, increased turnover to R56.6m ($34m) in the six months ended June 30 1984 from R39.9m in the first half of 1983 but suffered a drop to R3.41m from R5.32m in operating profit before tax and interest. In 1983 as a whole turnover was R96.3m and operating profit R10.34m.

The interim dividend has been reduced to 4 cents a share from 15 cents while first-half earnings dropped to 15.2 cents a share from 38.3 cents. In 1983 earnings totalled 71.8 cents a share from which a total dividend of 40 cents was declared.

Scottish Cables, the 45.5 per cent-owned offshoot of BICC of the UK suffered an even sharper profit decline. Its first-half operating profit before tax and finance charges slipped to R309,000 from R925,000 and compares with R1.76m for all of 1983.

First-half earnings per share fell to 1.4 cents from 7.1 cents and the directors have decided not to declare an interim dividend. Last year earnings totalled 11.9 cents a share and an interim and final dividend of 5 cents each were declared.

Scottish Cables directors say the power cable industry is passing through a critical period aggracated by imports of low-cost power cable. Trading conditions are such that Scottish will have increasing difficulty generating profits, the directors warn.

Heong Leong stops BICC share sale

By Our Kuala Lumpur Correspondent

HEONG LEONG INDUSTRIES bas obtained an interim high court order in Kuala Lumpur to restrain BICC of the UK from selling a 62.7 per cent stake in Malayan Cables to Sapura Holdings, the major Malay contractor for telecommunications.

The dispute arose from an agreement last January, under which BICC was to sell 62.7 per cent of Malayan Cables to Heong Leong and another 10 per cent to two individuals, including Mr Samsuddin Kadir, chairman of Sapura, for a total of 18.63m ringgit ($7.9m) or 2.3 ringgit per share.

However, in June, BICC announced it was selling its entire stake in Malaya Cables to Sapura Holdings for 22.27m ringgit or 2.72 ringgit per share. The deal received the approval of the Malaysian anthorities last month.

BICC gave no reason for not going aheyl with the original deal, but it is believed it considered the agreement to have lapsed when no approval was forthcoming from the Malaysian authorities.

Bank of America HK issues writ

BY DAVID DODWELL IN HONG KONG

BANK OF AMERICA in Hong Kong has issued a writ against Far East Consortium, a local property company, for the recovery of HK$97m (US$12.4m) of outstanding loans.

Far East which is controlled by the family of Mr Deacon Chiu, who is also chairman of ATV, Hong Kong's main independent television station, said the writ had been delivered yesterday afternoon.

It follows a dispute over the speed of repayment of loans and over interest charges, Mr Robert Robertson, a manager at Far East Consortium said. Bank of America first lent to Far East in 1981. Outstanding loans reached a peak of just under HK140m last year, Mr Robertson said. Loans from Bank of America account for about one-third of the company's outstanding debt.

Far East's loans have recently been rescheduled, with the Bank of America pressing for accelerated repayment. No Bank of America executive was available for comment.

Full year accounts to the end of March this year for Far East Holdings, of which Far East Consortium is an associate, are long-delayed. In the half-year to September last year, the group announced consolidated profits of HK$84,000, compared with HK$11m a year earlier.

● Li and Fung group has announced a HK$11m profit after tax, for the first six months of 1984, up 68 per cent from HK$6.6m previously, reports AP-DJ from Hong Kong.

The company said that the continued strong performance of Hong Kong's exports, especially to the U.S. markets, helped the group to achieve a HK$467.6m turnover, a record increase of 51 per cent from HK$309.6m. The slowdown in the general rate of growth in the U.S. should not effect the current year of trading, the directors said.

Li and Fung has recommended an increased interim dividend of 9 cents per share, compared with 7 cents for share for the year earlier period.

Downturn for Promet

By Our Kuala Lumpur Correspondent

PROMET, the diversified Malaysia-Singapore property, marine and oil gronp, has reported a 32 per cent drop in after-tax profit to 25.9m ringgit (US$11.2m) for the half year to June. Turnover fell by 39 per cent to 136m ringgit.

No reason was given for the decline, but the group is believed to have been hit by the Malaysian recession, with subdued performances in its construction and marine engineering activities.

The directors say they expect profits for the second half to be maintained. Last year, Promet had after-tax profits of 46.5m ringgit.

Cold Storage interim profits down 35%

BY CHRIS SHERWELL IN SINGAPORE

COLD STORAGE Holdings, the quoted Singapore group with food manufacturing food distribution and property interests, has reported a 35 per cent drop in interim profits, despite higher turnover.

Pre-tax profits for the six months to July were S$10.7m (US$4.95m) against S$16.6m for the same period last year, while turnover rose 7.8 per cent to S$395m. After-tax profits were down 40.6 per cent to S$5.8m, and an extraordinary loss of S$1.4m left attributable profit 72 per cent lower at S$2.63m.

The extraordinary loss was due to foreign exchange deficits on Australian dollar loans. A similar loss last year was offset by a property sale.

Depressed trading conditions plaguing Singapore's retail sector hit the company's operating profits, while losses by an Australian company involved in the troubled fishing sector, caused a turnround in income from associated companies.

Shareholders are to receive an unchanged interim dividend of five cents per share, but the directors say trading conditions in the second half are not expected to improve.

General Electric of India suffers sharp setback

BY P. C. MAHANTI IN CALCUTTA

General Electric Company of India, CEC of the UK's Indian subsidiary and a leading electrical appliances manufacturer, experienced a sharp setback during 1983 due to continued recession in the power transmission field which is its major market.

Sales fell to R711m ($61.8m) from the previous year's R721m. Both pre-tax and net profits took a sharper dip on account of various statutory liabilities that the company had to meet. The pre-tax profit was down to R46.6m from R80.3m and the after-tax profits to R17.5m from R34m.

Demand for the company's products particularly transformers, continues to be depressed, and the directors see *little indication of either* an improvement in demand or an easing of the pressure of margins. Prospects for the current year are not considered bright. In fact all the product divisions barring furnaces have done badly.

Despite the current adverse market conditions the company is going ahead with expansion plans. Collaboration agreements have been concluded with GEC Large Machines of the UK for the manufacture of motors in the 1,000 hp to 3,000 hp range, with CEC Industrial Controls for vacuum switches, and with Electroimpex of Bulgaria for tap changers for transformers. The company also plans to go in for medical equipment.

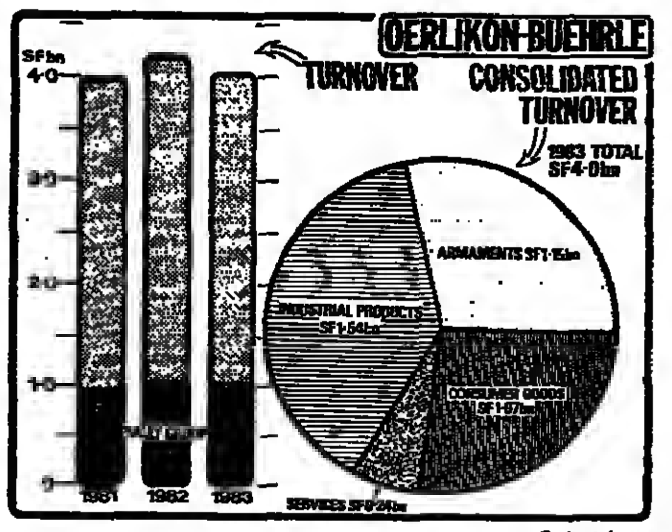
Bally shoemaking group bucks the hard times at Oerlikon-Buehrle

BY JOHN WICKS IN ZURICH

SWITZERLAND'S Oerlikon-Buehrle group is going through hard times. This year, shareholders went without a dividend following a consolidated net loss for 1983 of SwFr 88.7m ($35.7m) — largely the result of flagging demand for military equipment and machine tools, combined with continued high development costs for new arms systems. But not all divisions were in trouble, as Dr Dietrich Buehrle, the chairman, has pointed out. One of the subsidiaries with "very good results," he names as Bally, the shoemakers.

Bally, second only to Clarks, of the UK, in the list of European shoe manufacturers, accounts for almost all group activities in the field of consumer goods. These have become increasingly important to Oerlikon-Buehrle as its sales shift more towards "civilian" products; last year, consumer goods accounted for 26.8 per cent of consolidated turnover of SwFr 4bn ($1.6bn), or only slightly less than the 28.6 per cent of the armaments sector.

Bally has grown substantially since it joined the Zurich-based group in 1977. Turnover rose



Graham Lever

Fireworks blinded many observers

in the period 1978-83 from SwFr 748m to SwFr 1.03bn, with a simultaneous tripling of profits. Dr Buehrle's decision to diversify into consumer goods—formerly represented by only a modest textiles operation—has proved a good one.

Ironically, Bally had been the subject of a great deal of adverse publicity immediately before the acquisition. The company, which had been in business since 1851 and was long considered a world leader in the quality shoe market, hit a sticky patch in the early 1970s. First, an over-broad production programme and an increasingly strong Swiss franc, then falling demand led to losses for the major manufacturing subsidiary Bally Schuhfabriken and precluded dividend payouts by C. F. Bally, the parent company, in the financial years 1974-75 and 1975-76.

This led to a comprehensive group restructuring scheme. Two Swiss plants were closed down, overhead costs wore cut back radically, and the company dropped such lines as slippers, sports footwear and cheaper shoes in an effort to concentrate its efforts on the carriage trade.

While some other leading Swiss shoe manufacturers failed to weather the storm, Bally soon began to straighten itself out. C. F. Bally was abla to announce in 1976 that it expected to resume dividend payments and show tho highest earnings level in five years; for the 1976 calendar year, a group profits figure of SwFr 25m was estimated.

However, this return to health came too late to save the company from an unfriendly takeover. In mid-1976; the board announced "large-scale share purchases by an anonymous group." In January of the following year Syndikats-AG, the Zurich holding company, backed by a group of dissatisfied shareholdors, took over control. Aftor a battle against the acquisition, a new board was voted in: only Mr Walter Heiniger, tho chairman, stayed on, provisionally, at the requests of both sides.

Although the new management, controlled by Mr Wernor Rey, the Swiss financier, expressed its intention to expand group business at home and abroad, Bally came in for fierce criticism in the following months. This was directed primarily at Mr Rey, the majority shareholdor in Syndikats-AG, and at financial arrangements involved in the purchase and the running of Bally. After claims of asset-stripping had been mado at the company's July shareholders' meeting and Mr Rey had resigned as managing director and management chairman, he announced in September, 1977, that be would sell bis stock to Oorlikon-Buehrle for an undisclosed sum.

All these fireworks blinded many observers to tho fact that Bally was continuing to consolidato its operational base. Tho shoe concern started paying a dividend again in mid-1977, and was a valuable contributor to Oerlikon-Buehrlo's earnings from tho very boginning. "Wo have never needed a penny from Oerlikon-Buehrle," says today's chairman, Walter Kinzelbach, proudly. Against the background of a weak economy, Bally booked a record—though undisclosed—profit in 1982, and almost matched it last year. For 1984, Dr Buohrle reckons on another good showing.

Under the group's system of "co-operative management," Dr Buehrle has left Bally with a largo measure of autonomy. Perhaps the most important result has been the continued emphasis on quality products. Thus, production volume has risen only slowly in comparison with turnover: shoe output went up from 3.95m pairs in 1978 to 4.3m pairs last year, and no further increase in capacity is foreseen.

Bally has its own shoe factories at a number of sites in Switzerland, as well as three each in East Anglia and France. It also buys in shoes from outside manufacturers, under the brand name "Bally Made in Italy," and makes use of some uppers and soles produced under group surveillance in countries such as Italy, Spain and, in tho caso of British-assembled shoes, India.

About SwFr 140m of Bally's SwFr 1bn-plus turnover comes from other products, primarily leather and chemical specialities from the Brazilian company, Cortume Carioca and the "chemical-technical" products (shoe polish, adhesivos, rubber goods and acrylic glass) of the Swiss-based CTU dopartment. The company has recently given up producing elastic fabrics in Switzerland.

The future thrust of new business is likely to be in the division's widespread retail activities. Of the SwFr 900m or more accounted for by annual consolidated sales of shoes and accessories, SwFr 600m is mado up by Bally's own 388 retail outlets. This total excludes 45 franchised shops, located primarily in the Far East, France and the UK, five stores run by a Japaneso joint venture and the group'a minority stako

A large measure of autonomy

in Russell & Bromley of tho UK.

Ono of the most successful national chains in the past few years has been that of Bally Group (UK) with British production and imports of Swiss-made Bally shoes both rising since 1978, tho retail division has raised its turnovor from £14.1m to almost £31.8m, opening 15 new shops and fivo leased departments in other stores.

Bally is now aiming at an expansion of the franchiso network and the addition of new large shops of its own in prime big-city locations. Hitherto, tho biggest Bally outlets have been "fashion stores," selling accessories, shirts, ties, watchos and the like, as well as Bally and other shoe brands, in French and Swiss cities.

In future, says Mr Kinzelbach, the group is considering similar developments in New York—and also in tha UK.

UK COMPANY NEWS

Rockware back in black but prices 'too low'

A SWING of almost £7m by its glass-making activities enabled the Rockware Group to move back into the black over the six months ended July 1 1984.

At the pre-tax level profits of £104,000 were made despite taking account of the furnace repairs which Sir Peter Parker, the chairman, referred to last March.

In the opening half of the previous year losses of £6.51m were incurred—the group's other interests are in plastics and engineering.

Although selling prices are still "too low" Sir Peter says the glass container market is stronger this year and the industry has moved into a better balance of supply and demand.

Against this background he expects group performance to show a "moderate" improvement in the second half compared with the first. "The turnround is so far on course," be says.

The group remains well within its borrowing facilities despite the beavy costs of tank furnace repairs and the c onsequential restocking.

In glass, sales volume increased over the first balf and selling prices were raised again in April following an advance in October 1983.

Finished stocks were lower by 20 per cent and glass-making capacity in the industry, which was drastically reduced in 1983, still marginally exceeded demand.

The furnace repairs were completed on schedule but the group decided not to replace a ten-year-old Knottingley furnace at the end of its natural life.

The redundancy and asset write-off costs arising from this decision (estimated at £500,000) are not reflected in the results.

Group turnover declined from £61.52m to £58.44m.

Operating profits amounted to £1.14m (£5.74m loss). Of tha glass (including parent company) contributed £794,000, against a previous loss of £5.93m. The balance was made up as to plastics £186,000 (£134,000)—and engineering BRK £164,000 (£30,000).

The group sold its Alida plastic operations last September, which contributed profits of £283,000 in the previous half year, and closed the Kingspeed engineering interests in December where previous losses of £255,000 were incurred.

Gronp pre-tax results were struck after adding in exceptional credits of £563,000 (£400,000 debits). These arose mainly from a reduction in pension scheme contributions.

Interest charges were reduced from £2.32m to £1.58m as a result of the preference share issue last autumn.

Share of associates' losses amounted to £23,000 (£47,000), tax rose from £7,000 to £157,000 and minorities took £123,000 (£11,000 credits). Extraordinary items ended £583,000 (took £579,000).

After preference dividend payments of £437,000 (£16,000) the loss attributable to ordinary shareholders emerged at £80,000, compared with £9.1m.

Loss per 25p share totalled 2.68p (38.58p)—the group last paid a dividend in 1982.

The plastics operations at both Norwich and Kingston produced "fine" performances. The rationalisation of production at the group's third factory, Golborne, took longer than expected and lowered overall operating profits of this "promising part" of gronp activities. The Reading factory was closed last year.

In engineering, Burwell Reed and Kingborn and the Birstall Foundry Company beld their own in a flat market.

Group pre-tax losses for the 53 weeks ended January 1 1984 totalled £12.83m (£605,000 profits). Turoover was down from £141.75m to £131.47m.

The group has closed its offices et Windsor and establisbed the new beadquarters in the office building at Northampton.

Sir Peter Parker, chairman of the Rockware Group . . . a better balance of supply and demand

● comment

It seems that with Sir Peter Parker back in charge, Rockware's recovery is, so to speak, in train. This will be a source of much comfort to the institutions which a year ago chipped in £10m to keep the group afloat. Since then, overcapacity in the glass container industry has fallen from around 20 per cent to a mere 10 per cent, and pricing is getting back towards the realms of common sense. Capacity reduction clearly has further to go; Rockwell's own decision not to replace its 10-year-old Knottingley furnace (eight-10 years being the normal lifespan) is a typical step in this direction. For Rockware, as for the industry, the strategy seems to consist of devoting part of the cash flow arising from non-investment in glass to further expansion in plastics. To an extent, this may simply move the problem sideways—into PET manufacture, for example. But for Rockware, a rather nasty corner seems to heve been turoed; the interim pre-tax loss of £460,000 (before tha clewback of pension contributions) may well be turoed into a profit of £0.5m or more for the full year. But at 30p (down 1p) the sbares are still looking to a more distant future.

Increased demand lifts Desoutter above £2m

ENLARGED DEMAND for its products in most trading countries has enabled Desoutter Brothers (Holdings) to report a 103 per cent rise in taxable profit in the half year to June 30 1984.

Mr R. C. Desoutter, chairman of this precision mechanical engineer, is hopeful that trading in the remaining months of the current year will continue at the average of the first eight months, despite the fact that holidays in July and August have reduced the impetus a little.

The midway result was £2.12m against £1.05m, and is approaching the £2.73m made in the last full years. It emerged from turnover which rose by £2.24m to £15.53m, and is stated after interest payable at £95,000 (£202,000).

The interim dividend is being effectively held at 2.16p net per share after allowing for the one-for-four scrip issue in May. Last year's total was e restated 5.6p, and the company quotes its earnings per share at 9.35p (3.97p).

UK and overseas tax absorbed rather more in the period at £982,000 against £544,000, to leeve group profits et £1.14m at the attributable level, up from £502,000.

Combined preference and ordinary dividends will cost £288,000 against £287,000.

● comment

The market was rather startled by these excellent figures from Desoutter, as witnessed by the 8p jump in the share price to 131p. Both sides of the trading equation are evidently working well—cost cutting on the one band, increased volume and prices on the other. Sterling's weakness has obviously been useful—some 70 per cent of sales being overseas, and almost all of that into the U.S. and Europe—but UK sales are holding their own. To an extent, this may be a cyclical matter. The tools sold by Desoutter fall into the category of manufacturing consumables, and in the present modest upturn can be afforded by companies still fighting shy of major capital expenditure. But the jump in trading margins—from 9.4 per cent to 14.3 per cent—serve as reminder of the group's resilience; indeed, even at their worst in 1982, margins stayed above S per cent. For the full year, profits should reach$ £4m at the very least, putting the shares—on an assumed tax charge of 46 per cent—at a multiple of little over 7 times earnings. In line with tha group's practice, the dividend increase will be postponed until the final.

Low & Bonar well ahead but warns of African slowdown

INTERIM TAXABLE profits of Low & Bonar, the Dundee based packaging, engineering, textiles and travel group, were almost doubled from £2.16m to £4.19m in the six months to May 31, 1984 and shareholders receive an interim dividend up 10 per cent from 3p to 3.3p net.

A higher profit will be earned in the second half, say the directors. Overall the year will show a significantly larger proportion of profit earned in hard currencies.

However, they sound a note of caution on the overall profit improvement for the year, because profits in Africa will not approach the record £2.96m earned in the second half of last year.

Operations in UK/Europe and North America now represent more than 80 per cent of both profits and turnover. Group turnover in the half year rose by 5 per cent from £86.63 to £90.5m.

After what the directors describe as a "more realistic" 41 per cent tax charge of £1.73m, compared with 69 per cent or £1.49m last year, earnings per 50p share showed a substantial increase from 4.18p to 16.78p.

At the attributable level, profits surged ahead from £507,000 to £3.48m and included an extraordinary credit of £1.12m (£94,000 debit) which principally related to the disposal of the group's 50 per cent shareholding in Bonar Long NTC (SA) (Pty) in December, 1983. The higher dividend takes £460,000 (£419,000).

The group's interim report for the first time provides more detail by function and region and discloses the strength of UK/Europe and North America with a total turnover of £78.58m (£72.53m), and profits of £3.57m (£1.34m). North American profits rose significantly from £1.29m to £2.04m.

UK/Europe textiles, which includes the Bonar and Flotex operation, more than doubled profits to £1.01m (£471,000) and turnover up to £10.31m (£9.81m).

Packaging in UK/Europe is expected to have a further increase in profitability in the second half as the main profit is normally earned in the last few months of the year. All plants have satisfactory forward loadings.

UK engineering made a profit of £499,000, against losses of £279,000. The improvement was due to considerable reorganisation within transformer manufacturer Bonar Long and improved profit performance by Bonar Brentford which operates in the electronics and related industries.

Bonar and Flotex expects its satisfactory returns to continue into the second half. Bonar Textiles, largely in fibre production, also improved profits.

● comment

Low and Bonar's 212p share price, up 2p last night, is standing at a hefty 29 per cent discount to net asset value. The reason is two-fold—the dividend cut going back to 1981 and the fact that some of its value is locked up in the company's textile businesses in African countries with severe remittance restrictions, the latter giving a historical imbalance to the geographical spread and product mix. Over the past few years the emphasis of corporate strategy towards building up other products in other parts of the world has transformed the quality of earnings, as the latest results testify, with UK and North American operations, and particularly the packaging and home-based textile activities, exceeding expectations slightly. In fact the earnings performance outweighed any disappointment on the dividend, which still has some way to go to be full restored to the peak 1979 level. At this rate £12m pre-tax looks possible for the year, putting the shares on an undemanding multiple of just over 4 if the first half tax charge is repeated.

USM quote for Trade Promotion

By William Dawkins

ORGANISING TRADE fairs and exhibitions is the business of Trade Promotinn Service Group, the latest company to announce plans to join the USM.

The Woolwich-based group plans sbortly to plece agout 50 per cent of its equity on the USM through the stockbrokers Margetts & Addenbrooke. It aims to achieve e market value of between £4m end £5m and raise up to £400,000 for the company.

Existing shareboiders will be selling equity worth ebout £2m, with the biggest trancbe to come from the Federation of British Jewellery and Giftware, currently owner of 49 per cent of the equity. The Federation will retain a minority stake after the placing.

Taxable profits rose from £362,000 to £552,000 in the year to April 1982, but slipped to £207,000 in the following year. Profits recovered to £516,000 in 1984, and ere expected to advance further this year.

Tbe odwnturo was due to the fact that the group's exhibition stand construction and fitting division was forced to bid et unrealistically low pricas in a highly competitive market.

The division lost £390,000 in 1983 and was £150,000 in the red last year, including £100,000 of rationalisation costs. One of its two factories bas been closed, and the division is expected to break even this year.

Micro Business profit and interim doubled

DESPITE PRESSURE on profit margins and the shortage of supply of microcomputers, Micro Business Systems reports e 104 per cent leep from £850,000 to £1.74m in pre-tax profits for the six months to June 30, 1984. Turnover rose from £6.76m to £15.47m, an increase of 129 per cent. Tbis figure is £1.36m higher than thet acbieved in the whole of 1983.

The figures include, for the first time, those of Alveronic Computer Systems, wbich was acquired last December. They exclude totally any contribution from the two recent acquisitions, Date Efficiency and Computer Peripherals.

The direclors, in light of "this excellent performance," are effectively doubling the interim dividend to 1p — the group's shares are traded on the Unlisted Securities Market. A final of 1.75p was paid last year.

All companies contributed to the group's good performance, end this bas been reflected in the increase in the share price. In spite of the one-for-one scrip issue at this time last year, the price of the sbares may continue to inhibit the small investor.

The bosrd is tberefore recommending that the present nominal value of tha ordinary shares of 10p be divided into two sbares of 5p each. The interim dividend will be paid on the 10p shares.

Looking ahead, the chairman says that two most recent acquisitions are making the good end expected contribution to net profit.

The cbairman is confident he will be able to report a further meterial increase in profits at the year-end.

● comment

Micro Business Systems can afford to weather a squeeze on bardware prices more easily than can most computer distributors. For the most profitable bit of its business is in maintenance and other services, the growth of whicb depends directly on the number of computers MBS can push onto the market. Hardware prices still look as if they have further to decline, but MBS is to some extent protected against that risk by its £8m rentals portfolio, currently growing at some £300,000 per month. Alveronic contributed £200,000 to taxeble profits, indicating that the pace of underlying growth elsewhere is as strong as ever. The Data Efficiency and Computer Peripberals acquisitions sbould chip in up to £900,000 in the second balf, pointing to more than donble full-year profits of £4.6m pre-tax. With the shares unchanged et 385p, the earnings multiple comes down from formerly stratospberic levels to 17.5, assuming a 15 per cent tax

Strong exports boost Richard Clay to £0.6m

PRE-TAX profits on ordinary activities at Richard Clay, book printer and binder, improved by 23 per cent from £521,000 to £642,000 in the six months to June 29, 1984.

Turnover rose by 19 per cent from £9.07m to £10.8m, with export sales showing particular strength. Operating profit showed an increase of 17 per cent to £746,000 before redundancy costs of £28,000 compared with £120,000 in the corresponding period last year, and other income of £2,000 (£83,000—mainty representing the sale of surplus property).

The interim dividend is unchanged at 1.3p net—last year a total of 3.5p was paid from pre-tax profits of £1.1m. Earnings per 25p share are stated to bave increased from 2.88p to 3.75p.

First balf tax was up from £261,000 to £303,000 and after preference dividends of £2,000 (same), equity earnings were £337,000 against £259,000.

Mr Charles Birchall, tha chairman, says all the constituent parts of the UK operating division continued to improve their results. However, market conditions remained difficult for tha Singapore subsidiary, which bad a disappointing half-year, and further corrective action is being taken.

He says the current situation is that order books are bolding up well, and margins are showing some improvement. Subject to its trading in Singapore being more satisfectory, the outcome for the year as a whole can be expected to show a continuing recovery in the gronp's operations.

● comment

Mr Robert Maxwell may no longer bave a published interest in Richard Clay but the directors continue to keep an eagle eye on the share register. Their boast that Clay is a leading book printer with a high degree of automation could easily boomerang on a market capitalisation of only £9m. From bibles to the stereotyped romances of Mills & Boon, Clay is an important cog in tha publishing world and, on the face of it, not a particolarly expensive ona for an empire bnulder. Also the long haul back to earlier profit levels is unlikely to captivate shareholders if a bid did emerge offering a quick capital profit. The latest figures are hardly impressive—sales are up by 19 per cent (including 14 points of volume) but operating profits are lagging a little behind with a 17 per cent gain. Margins for the whola sector may be looking better in recent weeks and less money should be lost in Singapore in the second half but still overall profits are unlikely to pitch much above £1.4m for the year. At 10-p the prospective p/e of around 13 is hardly attractive on trading grounds

British Vita has good basis for future growth

PRE-TAX PROFITS of British Vtta, maker of polymeric products, rose by £0.2m to £5.23m in the first half of 1984, on exteroal turnover £6.63m higher at £81.16m.

Mr F. A. Perker, the chairman, says that prosperts for the second six months appear to be reasonably favourable with the consolidation of the restructuring and investment programmes in the UK and Europe forming e good basis for future growth.

Profits in both the UK and European area and Interoational side showed an improvement. As in the first half of last year, 47 per cent of profits were in the UK and Europe and 53 per cont from international companies.

At the operating level, group profits were down sligbtly from £3.97m to £3.91m and the increase in pre-tax figures reflected a higher share of £1.79m (£1.57m) from associates and reducod interest charges of £465,000 (£508,000).

Net attributsble profits came through ahead from £2.82m to £3.3m, after tax of £2.08m (£1.99m), minorities of £51,000 (£53,000) and extraordinary credits of £204,000 (£177,000 debits)—these included an estimated net tax credit of £487,000

Earoings per 25p share increased from an adjusted 10p to 10.3p and the interim dividend is effectively raised from 2.64p to 3p net—last year, a total equivalent to 5.36p was paid on pre-tax profits of £10.58m.

Following last year's threefold profit increase as compared with 1982, this balf year's UK and European profit was made in the context of a slowing down of the consumer-led recovery in the latter half of the period, the costs of re-structuring production facilities and the miners' strike whicb bas temporarily reduced demand within certain sectors of the gronp's industrial products range.

Internationally the increase in profit was primarily from the Australasian and Far Eastern operation with significant contributions from other areas. In Australie, Vita Pacific was earlier this year successfully floated as a public company, the group retaining its 40 per cent interest.

Mr Parker said later that Tramico had a turnover of some £27m and pre-tax profits of the acquisition was around £2m.

Still acquisition minded, the chairman indicated that Germany was an area being looked at, but overall be commented "we are well set up for the future."

Capital spending in the first six months totalled some £3.75m, against over £4m in the whole of 1983. Mr Parker said there would be further spending in the second six months, bnt evening out.

● comment

At first sight it appears that British Vtta has failed to make the most of e useful improvement in sales. Turnover is up 12 per cent but pre-tax profits have moved by a mere 3 per cent. But the group bas taken the opportunity to reorganise some of its operations in the wake of the modest Tidmas and Smith acquisition, and much of tha cost is borne above the lina. Equally significantly, much time bas been spent over the far larger Tramico acquisition in France, which will begin to contribute in the second half. This company will bring into the group new products, notably a novel type of liner for car roofs, whicb may later be also manufactured in the UK. The purchase fits into the gronp's strategy of expanding its interests in the UK and Europe to serve international customers especially vehicle manufacturers. Elsewbere, operations in Australia and tha Far East are expected to grow fastar than tha African interests, whicb are prone to excbange control and dividend remittance difficulties. Investors cannot expect dramatic progress at Britisb Vite; but £11.5m pre-tax is within reacb for the year, whicb, assuming a 40 per cent tax charge, puts the shares on an undemanding rating of just over 7.

LADBROKE INDEX
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Lister back in profit

The improvement seen at balfway et Lister and Co—the group turned losses of £319,000 into profits of £160,000—continued throughout the second half and profits emerged at £615,000 for the year to March 31, 1984 against e previous loss of £272,000.

Turnover of this textile manufacturer improved from £32.91m to £36.46m, and trading profits advanced from £1.45m to £2.25m. Interest payeble and similar charges were little cbenged at £1.74m against £1.78m. Sbare of profits of related company was £104,000 (£55,000). Again a nominal dividend of 0.1p is being paid.

Tax was down from £79,000 to £68,000.

HIGHLIGHTS

Lex reviews the questions of Stock Exchange membership and its rule book following Robert Fleming's decision to make markets in UK securities outside the Exchange. The column then moves on to consider Lonrho's document advising shareholders on how to vote at the annual meeting of House of Fraser and how this letter contributes to this long running debate. Lex also looks at the savage downturn in the South African economy in the past two months and reviews prospects for industrial profitability over the rest of the year.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
British Vita	int	3	Nov. 12	2.64*	—	5.36*
Richard Clay	int	1.3	Oct. 26	1.3	—	3.5
Desoutter	int	2.16	Oct. 30	2.16*	—	5.6*
Fitch	int	1.7‡	Oct. 31	1.54	—	4.62
Friedland Doggart	int	2.8	Nov. 12	2.27	—	6.27
Lister		0.1	Jan. 18	0.1	0.1	0.1
Low & Bonar	int	3.3	Nov. 19	3	—	7.5
Mellerware	int	1‡	Oct. 10	0.84	—	2.52
Micro Business	int	1‡	—	0.5*	—	2.25*
Murray Ventures		3	Nov. 14	3.15	4.05	3.15
Ramco	int	0.25‡	Nov. 9	—	—	91
Resource Technology	int	0.7†	—	—	—	—
Sheldon Jones		3‡	—	3	4.35	4.35
Squirrel Horn	int	nil	—	0.5	—	0.75
Systems Reliability	int	1.32	Dec. 31	—	—	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Total 0.7p forecast.

UK COMPANY NEWS

Mellerware up to £0.6m so far and sees further rise

WITH TAXABLE profits more than doubled at the interim stage from £263,000 to £612,000, Mr John Meller, the chairman of Mellerware International, expects that the traditionally stronger second half trading will produce "significantly higher profits" for the full year.

As some indication of their confidence, the directors are proposing to lift the interim dividend by some 20 per cent from 0.84p to 1p net per 10p share. The total last time was 2.52p.

Mellerware is a manufacturer and distributor of aluminium cookware and small domestic appliances, based in the West Midlands. Its shares have been quoted on the USM since last summer, and in the full period to December 31 1983 reported profit before tax of £946,000 (£541,000).

The significant increase in trading which the chairman noted in his annual meeting continued into the period to June 30, with turnover up by 64 per cent to £4.38m (£2.67m).

This increase was achieved with only a 20 per cent rise in the labour force, showing the major benefits the company is deriving from its capital expenditure programme undertaken last year which included new hydraulic presses, paint facilities and packaging equipment. The third factory is already producing a significant number of electric auto jugs.

Turnover has been increased with all the group's long-standing customers and it continues to develop the product range. It confidently expects to introduce a further two small domestic electrical appliances in 1985 and intends this to be the pattern over the next three to four years.

Despite the increase in raw material prices, particularly aluminium improved efficiency has enabled the company to hold its prices to customers. This is helping it maintain a very high level of sales for the traditionally stronger second half trading. Traditionally over 60 per cent of sales accrue in the second-half of the year.

As well as developing the company's range of products, it is continuing to seek complementary acquisitions and intends to seek a full listing for the company's shares in 1985.

The tax charge in the half year was £273,000 (£113,000) to leave net profits at £339,000 (£150,000).

Earnings per share are shown as 6.2p (2.7p).

● comment

There seems to be no stopping Mellerware. Over the past five years the company has expanded from making pots and pans to producing kettles and a range of small electric kitchen gadgets, and profits have grown at an accelerating rate. Can the company keep this up? There is no doubt that Mellerware is well served by its marketing flair and keen prices, though it is helped by a cheap pound which makes Far East imports dear. It is also committed to introducing new products, like a yoghurt maker launched this month, to counter any decline in growth in areas where it already has a large market share—such as electric kettles where it has 20 per cent of the UK market. Beyond this, the company is actively looking for acquisitions to broaden its exposure to the market. Nevertheless the pace of growth could sooner or later impose strains on Mellerware, strains which may become apparent, for example, if there is any marked downturn in consumer spending. For this year, however, the company should comfortably make £1.8m pre-tax, which puts the shares on a multiple of under 10, assuming a 44 per cent tax charge. But the shares are difficult to get hold of since the Meller family retains about 75 per cent.

Fitch & Co. up to £0.6m and plans full listing

REFLECTING the continuing strong demand for design services in a highly competitive market, Fitch & Company Design Consultants has turned in taxable profits up by some 31 per cent to £557,000, in the first half of 1984, against £425,000.

Mr David Legg, the chairman, states that the momentum from this "excellent" start continues into the second half, and he is confident of increasing business opportunities and maintaining growth.

The company has had two successful years on the USM, and it is an indication of its confidence in the future that it has applied for a full listing, which is expected to commence on September 12.

The interim dividend is boosted by 0.2p to 1.7p net per 10p share, following last year's 4.62p total. Earnings are given as 1.7p (1.5p) per share.

Turnover is up by 50 per cent to reach £3m (£2.02m).

After tax of £264,000 (£216,000) and dividend payments totalling £87,000 (£76,000) the company retained £206,000 in profit against £130,000.

In order to take advantage of the increasing opportunities which exist in the UK market, the company has regrouped all its businesses there, and decided to concentrate resources there rather than overseas.

Our Price tops forecast with £1.2m

OUR PRICE, the London-based chain of record and tape shops, has beaten its prospectus profits forecast by some £100,000 and is confident of achieving a "satisfactory" result in the current year.

Experience to date has been "encouraging" with trading levels healthy and good progress being made in implementing the programme of new shops.

Pre-tax profits for the year to end-May, 1984 totalled £1.21m. This compares with the £1.1m forecast at the time of the flotation and the £870,000 returned for the 1982-83 year.

The company obtained a full Stock Exchange listing last February. Some £74m poured in for the £2.46m (1.63m) shares on offer.

Turnover for the past year expanded by £6.09m (or 30 per cent) to £26.08m, excluding VAT, and earnings emerged at 15p (14.4p) per 20p share compared with a forecast 13.1p.

Mr Garry Nesbitt, the chairman, says the net proceeds of the offer for sale were £1.4m. He tells shareholders that this, together with retained profits, has provided the group with the sound capital base needed to support its expansion plans.

As stated in the prospectus no ordinary dividend is being paid for the past year, but an interim dividend for the current year is expected to be paid in April, 1985.

During 1983-84 the company opened 15 new shops, including an experimental one specialising in the sale of software for home computers. In addition, the programme of improving the size and location of certain shops was continued with six shops being moved to better local positions.

By year-end 82 shops were operating.

In the current year the directors plan to open between 14 and 15 new shops and to continue the programme of refurbishment and relocation where required.

Based on published trade figures the company estimates that its share of the UK market had risen to 5.8 per cent in the year to March 1984 from 4.8 per cent in the previous year.

The group plans to open its first shop within a shop next month. Mr Nesbitt says it will be in the Oxford Street branch of Selfridges and will be the group's most significant venture this year.

● comment

Our Price seems to be hitting all the right notes at once. It is expanding at break-neck speed just as the music industry is swinging out of a five-year long recession, and with its strong cash flow and moderate 20 per cent gearing, the group looks as if it can keep up the pace without undue strain. Even stripping out the contributions from 15 new outlets and a number of relocations, an underlying 11 per cent sales growth is still comfortably ahead of the industry average of 9 per cent for the period. Our Price expects to add around 20 per cent to its shop space this year, roughly half of which should come in before the crucial Christmas period. Assuming further gains in market share, pre-tax profits could rise by at least 40 per cent to £1.7m this year. On the downside is a jump in the tax rate to an estimated 45 per cent for the current year—caused by the ending of Harlequin's tax losses and the run-down in stock relief—which could temporarily depress earnings. The shares rose 3p to 253p, 20 times prospective earnings: not as cheap as Our Price's records, but a fair reflection of the group's growth prospects.

Resource Technology unchanged at £1.5m

Resource Technology, which secured a full listing last December from the USM, made a pre-tax profit of £1.53m in the year to April 30 1984. This was little changed against last year's restated £1.52m, but was higher than the previously reported £0.74m.

Turnover of the group, which supplies electronic equipment and related services to the natural resources industries and the communications and defence electronics systems worldwide, increased from a restated £9.65m to £11.28m.

A dividend of 0.7p net is recommended for the year. Earnings per 10p share fell from a restated 9.2p to 5.4p, after tax of £422,000 (£880,000). There were also extraordinary debits—up sharply from £20,000 to £1.04m.

Last year's figures have been adjusted to include appropriate comparatives incorporating those companies, the results of which have been consolidated in accordance with merger accounting principles. In line with these principles, group results include full profits contributions from the SPT Group and Malden Electronics as follows:—SPT £573,000 for 13 months (restated £718,000 for 12 months) and Malden £139,000 for 16 months.

The board says it is too early to anticipate the current year's trading result.

Systems Reliability jumps by 50% to £1.25m

Systems Reliability, which makes computer-based telephone management and associated information enquiry systems, lifted pre-tax profits by almost 50 per cent from £844,000 to £1.25m in the first half of 1984. Turnover was up from £3.7m to £5.04m.

After tax of £615,000 (£312,000) net profits increased from £532,000 to £637,000. However, extraordinary charges this time of £369,000—being the cost of the public issue in March 1984—left the attributable balance lower at £268,000, against £532,000.

Earnings per 10p share rose by 1p to 6.05p and there is an interim dividend of 1.32p net—as indicated in the offer for sale, the directors have waived 99 per cent of their 1984 entitlement and, accordingly, the net interim payable to them amounts to £977 and is included in the total payable of £42,000.

Mr H. Allsop, the chairman reports that in the UK demand for group products has remained high, although during the latter part of the first half, the group begun to experience keen competition in the lower and medium price ranges of its TEL-TAG products.

Over the same period British Telecom established the leading position as supplier of all sizes of PABX, and this has had the effect of reducing group margins.

Overseas, the group's subsidiary company in South Africa continues to show strong growth.

On the future, the directors believe that there is significant potential growth with the new SM series which BT will be selling under their "Merlin" label.

Mr Allsop states that although the benefits from the liberalisation of the UK telecommunications market have yet to be fully realised, primarily as a result of BT's domination of the UK market, the market potential for group products both in the UK and worldwide remains strong.

Ramco debut brings £0.5m

IN THE company's first results since the USM flotation last April, Ramco Oil Services has seen a significant increase in both turnover and pre-tax profit in the six months to June 30 1984.

The interim taxable result was up from £216,000 to £452,000 profit turnover which rose by £2.09m to £5.06m. Mr Stephen Remp, the chairman, says that the level of current business for all three divisions of this provider of specialist corrosion control services justifies an optimistic outlook for the remainder of the year.

The net interim dividend is 0.25p from earnings per share stated at 2.1p per share (1.58p). The USM prospectus declared the director's intention to pay a 0.7p total for the current year.

After tax at ££147,000 (nil) net profit emerged at £305,000 (£216,000).

Extracts from the Chairman's Statements

Blyvooruitzicht Gold Mining Company, Limited
Harmony Gold Mining Company Limited

(Both companies incorporated in the Republic of South Africa)
Members of the Barlow Rand Group

The companies have embarked on further programmes and projects to improve productivity. These efforts are directed at all facets of the organisation and regular formal reviews of progress towards quantified objectives are held – C. G. Knobbs.

Gold

The major reason for tha drop in gold price in U.S. dollar terms has been the strength of that currency. The fall in the dollar as predicted by many commentators and as expected in terms of purchasing power parity has not materialised. Tha strength of the dollar would seem to be a function of the burgeoning U.S. economy and the confidence in tha ability of the U.S. to maintain a pattern of economic growth. The strong dollar had a direct effect on the investment demand for gold and it also caused the metal to become relatively expensive in other currencies thereby reducing industrial (mainly jewellery) demand for gold.

In my opinion the outlook is for the dollar to begin weakening and for the inflation rate in the U.S. to begin moving upwards during 1985. The gold market can be expected to respond to these bullish factors and I anticipate that 1985 will see the price returning to levels in excess of $400 per ounce.

Setting aside the inevitable cycles which will continue to occur in the gold market I expect the longer term trends in demand and price to be upward.

During the year the companies continued to anter into hedging operations in a small way. As mentioned in tha previous annual reports, trends and developments in the gold market have been and will continue to be monitored to identify opportunities for enhancing revenue.

Production costs

The planned productivity improvements built into this year's budgets call for an increase of between 9 and 10 per cent in production costs. If inflation in the economy runs at above 15 per cent, which is not impossible given the effects of a weak rand and the aftermath of the severe drought, the companies will be hard-pressed to meet their productivity targets.

Personnel management and industrial relations

In facing the future the mines have a number of concerns which will require attention. The face to face relationships of supervisors with their black workers will need to be developed more positively. To this end greater training effort is required. The removal of the "scheduled person" restriction must be resolved at industry level. Before this can be achieved negotiations on an improved industrial relations structure, a security of employment agreement and a system of monitoring and enforcement must be finalised. Talks will continue with the affected parties but their intransigence in this area cannot go unnoticed or unchallenged at government level for much longer.

Blyvooruitzicht Gold Mining Company, Limited

	Year ended 30 June 1984	1983	% Change
OPERATING RESULTS			
Tons milled	2 304 000	2 362 000	− 2,5
Gold: produced – kilograms	16 583,8	19 857,3	−18,5
yield – grams per ton milled	7,20	8,41	−14,4
Uranium: slime treated – tons	1 950 000	2 044 000	− 4,6
oxide produced – kilograms	267 668	260 090	+ 2,9
yield – kilograms per ton of slime treated	0,137	0,127	+ 7,9
Working revenue: gold – per ton milled	R109,06	R130,52	−16,4
Working expenditure: gold – per ton milled	R61,25	R55,39	+10,6
Working profit: gold – per ton milled	R47,81	R75,13	−36,4
GOLD PRICED RECEIVED			
Rand per kilogram	15 135	15 492	− 2,3
U.S. dollars per ounce	396	434	− 8,8
FINANCIAL RESULTS	R'000	R'000	
Working revenue – gold	251 275	308 303	
Working expenditure – gold	141 122	130 846	
Working profit – gold	110 153	177 457	
Working profit – uranium	8 249	14 050	
Total working profit	110 402	191 507	
Sundry revenua – net	9 660	*4 136	
Profit before taxation and State's share of profits	128 062	195 643	
Taxation and State's share of profits	66 521	110 444	
Profit after taxation and State's share of profits	61 541	85 199	
Forfeited dividends	9	10	
	61 550	85 209	
Appropriations for net expenditure on mining assets	21 128	22 094	
Profit after appropriations for capital expenditure	40 422	63 115	
Dividends	42 000	64 800	
(Deficit) before general reserve transfers	(1 578)	(1 685)	
Transfers from general reserve	1 303	3 384	
Retained profit brought forward	10 098	8 399	
Retained profit at 30 June	9 823	10 098	

*Includes royalties accrued to West Driefontein Gold Mining Company Limited: R6 797 000.

Uranium

All the company's uranium production has been sold under long-term dollar contracts which are renegotiated annually.

As previously reported the production of uranium oxida will cease in 1985 by which time sufficient uranium oxide will hava been produced to meet present sales commitments which terminate in 1986.

Personnel management and industrial relations

In the field of training, the mine has taken advantage of the removal of Job Reservation Determination No. 27 as reported last year. To date 14 black trainees have been employed for training or appointment in the fields of sampling, surveying and environmental control. The mine has also indentured two black engineering apprentices.

Although current economic conditions have meant far more conservative capital expenditure programmes the mine has been able to upgrade all living quarters as well as kitchens and dining-rooms in the black hostels.

Outlook

Grade is expected to decline in the new year resulting in less gold being produced. It is likely that the revenue from gold could be increased as a result of the expected weakening of the dollar with a corresponding improvement in the gold price in rand terms combined with judicious hedging operations.

Capital expenditure is expected to drop slightly to about R18,6 million with half of this being spent on exploration work on the Main Reef in an attempt to extand the mine's life. The year ahead is likely to be very difficult. However, in the absence of unforeseen adverse circumstances and taking all these considerations into account, I believe that the total dividend for the year ahead might possibly be increased above the current leval, assuming an average gold price of at least R16 000 per kilogram.

The main challenges for the new year are improved productivity and further devlopment of the company's industrial relations philosophy with adherence and commitment to its implementation. Further gold hedging transactions cannot be ruled out and when opportunities arise to secure attractive forward prices a proportion of gold production will be sold.

Harmony Gold Mining Company Limited

	Year ended 30 June 1984	1983	% Change
OPERATING RESULTS			
Ore milled – tons	7 667 000	7 746 000	− 1,0
Gold: produced – kilograms	31 451	32 576	− 3,5
yield – grams per ton milled	4,10	4,21	− 2,6
Uranium: slime treated – tons	6 650 000	7 287 000	− 8,7
oxide produced – kilograms	549 280	630 600	−12,9
yield – kilograms per ton of slime treated	0,083	0,087	− 4,8
Pyrite: concentrate recovered – tons	107 614	99 581	+ 8,1
Sulphuric acid: produced – tons	135 983	149 367	− 9,0
Total revenue per ton milled	R68,27	R72,28	− 5,5
Total cost per ton milled	R50,80	R45,82	+10,9
Working profit per ton milled	R17,47	R26,46	−34,0
GOLD PRICE RECEIVED			
Rands per kilogram	15 068	15 328	− 1,7
U.S. dollars per ounce	392	430	− 8,8
FINANCIAL RESULTS	R'000	R'000	
Total revenue	523 431	559 864	
Gold, silver and osmiridium	475 158	500 648	
Uranium, pyrite and sulphuric acid	48 273	59 218	
Costs	389 507	354 904	
Working profit	133 924	204 960	
Sundry revenue, net	15 075	15 145	
Taxation and State's share of profit	46 969	93 751	
Profit after taxation and State's share of profit	102 030	126 354	
Appropriations for net expenditure on mining assets	47 254	46 470	
Dividends	63 179	63 179	
Transfers from general reserve	442	394	
Retained profit brought forward	58 726	41 627	
Retained profit at 30 June	50 765	58 726	

Uranium.

The company's role as a uranium producer, was re-assessed during the year, in the light of the depressed market conditions that are likely to prevail for some time to come. Production from the Harmony and Virginia uranium plants, together with existing stockpiles of processed uranium, are sufficient to meet the company's long-term committed sales, and a decision was therefore taken to close the Merriespruit plant.

A large portion of the company's uranium production has been sold under long-term dollar contracts which are renegotiated annually. The company expects to continue profitable uranium operations for the next year as a result of the weak rand, but unless prices and specifically sales volume increase in the near future, a further cut back in production may be warranted.

Personnel management and industrial relations

In the field of training, the mina has taken advantage of tha removal of the Job Reservation Determination No. 27 as reported last yaar. To date 38 blacks have been employed for training or appointment in the fields of sampling, surveying and environmental control. The mine has also indentured 18 black engineering apprentices.

Due to current economic conditions the upgrading programme in the old hostels has slowed down. Portions of the new Harmony No. 4 shaft hostel have been commissioned. This hostel is based on the most modern designs and concepts and should provide a highly acceptable standard of accommodation.

Outlook for 1984/85

Thera will again be a drop in grade, albeit slight, as a result of increased Leader Reef mining. However, every effort will be made to maintain and possibly increase the kilograms of gold produced by mining and treating additional tonnage. New stopes will be opened and tonnage stockpiled in the winter months for treatment in summer when there is invariably a drop in the amount of ore mined.

It is likely that the revenue from gold could be increased as a result of the expected weakening of the U.S. dollar, with a corresponding improvement in the gold price in rand terms, combined with judicious hedging operations. Working costs are budgeted to rise about 10 per cent due to concerted productivity improvement programmes, although the prospect of higher inflation is a serious cause for concern.

Capital expenditure is expected to rise to R64,8 million and will once again be centred around the Harmony No. 4 shaft complex.

Sinking, lining and equipping the twin Harmony No. 4 shafts, as well as certain development linking Harmony No. 2 shaft and Virginia No. 1 shaft to Harmony No. 4 shaft, will continue this year. Total expenditure relating to the complex is expected to be about R22,0 million.

Power, air, water, sewerage, roads, etc., are expected to cost about R11,6 million and include extensions to Harmony No. 2 shaft compressor house, the service water system and pump columns, a cooling plant for Harmony No. 3 shaft and an ice plant for Merriespruit No. 1 shaft.

Reduction works extensions are expected to account for R13,2 million, a large portion of which will be spent on equipping the Virginia gold plant with autogenous mills.

Prospecting is expected to absorb about R3.5 million and will include further drilling in the Merriespruit south area, and continued development of the exploration cross-cut on 51 level.

Given all the above and an average gold price of R18 000 per kilogram, the total dividend declaration for the year ahead should be approximately 235 cents per share.

The annual financial statements and chairman's statements may be obtained from Rand Registrars Limited, 49 Jorissen Street, Braamfontein, 2001.
Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

Company Notices

ANGLOVAAL GROUP

GROUP COMPANIES CLOSING OF TRANSFER BOOKS AND REGISTERS OF MEMBERS

Notice is hereby given that the Transfer Books and Registers of Members of the following Companies (all of which are incorporated in the Republic of South Africa) will be closed for the periods stated for the purpose of determing those persons entitled to attend the Annual General Meetings of Members thereof.

Name of Company	Date of closing Transfer Books and Registers of Members 1984
ANGLOVAAL LIMITED	17-23 November
EASTERN TRANSVAAL CONSOLIDATED MINES LIMITED	2-8 October
HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED	10-16 October
MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED	17-23 October
ZANDPAN GOLD MINING COMPANY LIMITED	10-18 October

By order of the Boards
ANGLO-TRANSVAAL TRUSTEES LIMITED
London Secretaries
per: I. S. Farmer

London Secretaries:
295 Regent Street
London W1R 8ST
8 September 1984

RAND MINES GROUP
Member of the Barlow Rand Group

NOTICE IS HEREBY GIVEN that the annual general meetings of the undermentioned companies will be held in the auditorium, lower ground floor, The Corner House, 63 Fox Street, Johannesburg on the dates and at the times shown:

Name of Company (both of which are incorporated in the Republic of South Africa)	Date of Meeting	Time of Meeting	Closure dates Members (inclusive)
Blyvooruitzicht Gold Mining Company, Limited	19th October 1984	12h00	13th to 19th October 1984
Harmony Gold Mining Company Limited	19th October 1984	11h00	13th to 19th October 1984

Registered Office:
15th Floor, 63 Fox Street,
Johannesburg 2001.
(P.O. Box 62370
Marshalltown 2107).

By order of the Boards
V. M. MURTON
Administrative Manager and Secretary
8th September, 1984

BRITANNIA INTERNATIONAL FINANCE LIMITED
(formerly SLATER WALKER INTERNATIONAL FINANCE LIMITED)
7¾% 1972-1987 LUXEMBOURG FRANCS 500,000,000

Holders of the above-mentioned bonds are hereby informed that the annual redemption instalment due October 15, 1984, amounting to Luxembourg Francs 50,000,000, has been partially satisfied by repurchase in the market of Luxembourg Francs 11,150,000, and partially by drawing by lot of the remaining Luxembourg Francs 38,850,000.

The bonds, drawn by lot in the presence of a notary public, bear the following numbers, taking into account the bonds previously redeemed: 1-5; 7-34; 37-37; 108; 579-588; 1368-1395; 1412-1428; 1428-1431; 1435-1436; 1445-1467; 2395-2418; 9354-10000.

These bonds will be redeemable at par on or after October 15, 1984 with all unmatured coupons attached thereto.

The amount of bonds outstanding after the redemption date will be Luxembourg Francs 150,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Paying Agent

Luxembourg, August 31, 1984.

N. J. HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 3.15% (formerly 4½%) Redeemable Cumulative Preference Shares of this company will be closed from 2-30 October 1984 both dates inclusive.
J. A. ROSS,
Company Secretary.

Hayes Park,
Hayes,
Middlesex.
5 September 1984.

RENOWN INCORPORATED
NOTICE TO EDR HOLDERS

This is to notify EDR holders that by mutual arrangement with the Company and the Depositary, the Deposit Agreement will be terminated with effect from 90 days after the date of this notice. Holders of outstanding EDRs are requested to surrender the relative certificate(s) to the Depositary in exchange for shares, or the cash equivalent.

ROBERT FLEMING & CO. LIMITED
Depositary

8 Crosby Square,
London EC3A 6AN.
11th September 1984.

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MINING NEWS

Higher profit from Western Mining

BY GEORGE MILLING-STANLEY

HIGHER NICKEL prices and favourable movements in exchage rates were largely responsible for a substantial increase in profits of Australia's Western Mining Corporation (WMC) in the year to June 19.

Accounts based on the equity method show attributable operating profits of A$30.13m (£19.4m), up from the previous year's A$10.72m. Earnings jumped from 1.4 cents per share to 7.1 ceots, and WMC has doubled its final dividend to 2 cents a share, making a total of 4 ceots for the year compared with 2 cents last time.

The average price per tonne of nickel produced was 6.4 per cent above that for the previous year, and that increase, coupled with e 3.5 per cent fall in the Australian dollar against the U.S. currency, contributed to a rise of slmost 10 per cent in the average realisetion per tonne.

A sharp increase in sales of gold was another factor behiod the improved performance. Excluding the 50.5 per cent-owned Central Norseman Gold, WMC sold 169,635 ounces of gold, against 103,749 oz in 1982-83.

Factors affecting profits adversely included a rise in exploration spending from A$22.15m to A$27.94m, a 7.5 per cent all in the average realised gol dprice, and a rise of 3.2 per cent in the production cost of nickel, largely arising from the higher price of natural gas bought by the refinery at Kwinana, Western Australia.

WMC also recorded an extraordinary gain of A$14.18m, mainly from a property sale.

The associated Central Norseman, which relies almost exclusively on gold for its income, suffered a sharp downturn in profits for the year.

On turnover down from A$37.99m to A$35.54m, the company managed net profits of A$9.73m against A$16.56m for 1982-3. Earnings fell from 63.7 cents a share to 37.5 cents, and the final dividend is cut from 20 cents to 7.5 cents, making a total for the 12 months of 20 cents, against 40 cents last time.

Central Norseman blamed the downturn on the lower gold price, which fell from A$481 per ounce to A$463, higher operating costs and increased provisions for development and exploration spending.

The company boosted gold production for the year to 80,153 ounces, against 78,976 oz in the previous 12 months.

Quotas still restrict tin output

TIN CONCENTRATE output from the producers in Malaysia continues to be restricted hy the production and export controls imposed under the sixth International Tin Agreement.

A total of 16 dredges among the companies under the control of Pernas Charter Management remained closed throughout the month of August, while other dredges were affected by shutdowns for part of the period.

The Malaysia Mining Corporation group managed production of 416 tonnes, up from July's total of 407 tonnes. This brings the cumulative figure for the first seven mooths of the financial year to 2,912 tonnes, compared with 3,374 tonnes at the same stage of last year.

The second-largest producer, Berjuntai, lifted its outpnt from 214 tonnes to 219 toones, bringing the total for the first four months of the year to 858 tonnes, against 694 tonnes.

	Aug tonnes	July tonnes	June tonnes
Aokem	48	94	74
Ayer Hitam	80	114	110
Berjuntai	218	214	229
MMC	416	407	393
Sungei Besi	47	47	40
Tengkah Harb	14	49	34
Tronoh	38	44	5

Improved prices lift ZCCM

THE IMPROVEMENTS noted over the past year at the state-controlled Zambia Consolidated Copper Mines (ZCCM) have continued during the first quarter of the current financial year.

ZCCM, in which Zambia Copper Investments has a stake of 27.3 per cent, returned to profit in the year to March 31, and has maintained the improved performance with net profits in the three months to June of Kwacha 6.5m (£2.7m). This compares with net profits in the same period of last year of K11.5m, and a total for the year to March 31 of K1m.

The latest profit was struck after interest charges of K32.9m, compared with K25.6m in the first quarter of last year, and taxes totalling K24.1m, of which the mineral export tax accounted for K22.7m.

Earnings for the quarter were 7 Ngwe, down from 13 Ngwe in the first quarter of last year.

ZCCM said that copper production at 122,523 tonnes for the quarter was 14 per cent lower than for the opening three months of last year, reflecting the "critical shortages of spares and consumables and low equipment availability."

Copper sales were also a little below those for the corresponding period, but the average realisation oa K2,558 per tonne was 27 per cent up on last year, reflecting the continued depreciation of the kwacha against major trading currencies.

The group's heavy investment in cobalt of four years ago also seems to be coming to fruition, with a jump of 37 per cent in production to 1,073 tonnes in the latest quarter. Sales increased hy 198 tonnes to 827 tonnes, and the average price realised was up sharply from K13,771 per tonne to K34,198.

Prodnction of lead and zinc was lower, in line with the reduced demand.

MINING NEWS IN BRIEF

RESERVES AT the Ontario gold property of McFinley Red Lake Mines have been estimated at 426,374 tons at an average grade of 0.44 ounces (13.7 grammes) of gold and 1.09 oz of silver per ton, according to the company.

Canada's Coniagas group has acquired a 25 per cent stake in the property, which may be raised to 50 per cent through speoding on exploration. The remaining 50 per cent will be retained by McFinley Red Lake Mines.

This company came into being through the reorganisation of Sabine Industries and McFinley Mines, which came into effect on July 20 this year. McFinley Red Lake Mines was set up to acquire the holdings of these two companies in the gold property.

Sabina shareholders were offered five shares in New Sabina Resources and four shares and one warrant for half a share in McFinley Red Lake Mines for every 10 Sabina Industries' shares held on July 20.

* * *

Sungei Besi Mines Malaysia expects a loss on its tin mining operations in the current year to March 31 as a result of reduced production with the exhaustion of reserves at the Hong Fatt opeo pit and mine development work at the Balakong Road Block.

For the year to last March the company's tin concentrate sales were lower and unit costs rose, with the result that mining profits fell to M$1.1m (£350,000) from M$3.1m. Interest received was also down at M$1.6m, and the net profit came out et M$1.6m against M$2.9m.

Dividends totalling 75 cents less tax at 40 per cent were declared, against 140 cents less tax in the previous year.

COMPANY NEWS IN BRIEF

Profits of the Laidlaw Group of main Ford dealers fell from £751,000 to £386,000 in the half year ended June 30 1984, with profitability in the second quarter rising to its expected level. Turnover was held at £40.59m (£40.4m). The company, which came to the USM towards the end of last year, is paying an interim dividend of 1.1p net, and hopes to recommend a final of 1.4p.

Mr I. M. Robertson, chairman, says it is difficult to forecast how sales and profits will turn out for the remainder of the year. Results will depend very largely on how price-competitive Ford choose to be and whether or not the lessons of the period September 1983 to May 1984, when it abandoned major incentive campaigns, have been learned.

Profit before tax for the year 1983 was £984,000.

* * *

The improving trend at Tavener Rutledge, confectionery manufacturer, has continued and in the half year ended June 30 1984 sales have risen from £3.71m to £4m and profit before tax from £52,219 to £71,345.

However, the rate of improvement is not up to expectations largely because of continued pressure on margins, says the chairman Mr William Tavener.

In the present climate the need for greater efficiency "is only too obvious," says the chairman, and plans to improve certain production lines are well advanced.

In the year 1983, the company achieved a turnover of £7.47m and a pre-tax profit of £112,386.

* * *

Despite a £231,000 rise in exceptional provisions to £298,000 R. O. Boardman International reduced its pre-tax losses from £190,000 to £163,000 in the year to March 31 1984.

Current trading is being affected by currency fluctuations and industrial disputes but trading profits for the full year should exceed the £135,000 returned in the past year. The group manufactures and imports clothing and has interests in commercial printing.

Below the line there was a £995,000 loss arising from the sale of Gillison and other extraordinary credits of £62,000.

Negotiations are advanced in respect of a "major acquisition."

* * *

Pre-tax earnings of Friedland Doggart Group were little changed at £1.11m in the 24 weeks to June 17 1984, against £1.1m before. Sales of the group, which makes domestic and industrial sound signalling equipment, injection and compression mouldings and plastic toys, increased to £6.15m, compared with £5.59m.

Sales were on target and orders continue to come forward at the projected rate. After tax of £515,000 (£535,000) earnings per 25p share rose from 9.19p to 11.44p. The net interim dividend is up from 2.27p to 2.8p—last year's total was 6.27p on £2.12m taxable profits.

* * *

Pre-tax profits at Armitage Bros, the Nottingham-based pet products company, were £644,000 in the 17 months to May 31, 1984 compared with £526,000 for the previous 12 months to December 31 1982.

Turnover for the 17-month period was £18.64m against £12.16m, and trading profits increased from £659,000 to £764,000. Interest was £120,000 (£133,000), and tax was up from £224,000 to £358,000. A final dividend of 12.5p net per £1 share is being recommended. Earnings per share were 72p against 78p in the previous 12 months.

Retained profits emerged lower at £116,000 compared with £182,000.

BOARD MEETINGS

TODAY

Interims:—British Aerospace, Connells Estate Agents, Falcon Resources, S. W. Farmer, Hestons, Heme Chems, I. and J. Hyman, Johnsen and Jorgensen Packaging, London Park Hotels, Lowe Howard-Spink Campbell-Ewald, Microvitec, Phoenix Assurance, Save and Prosper Gold Fund, Trade Indemnity, Willis Faber.

Finals:—Continental Microwave, George Ingham, London Merchant Securities, Zetters.

FUTURE DATES

Interims:—	
B.S.G. International	Oct 1
Baird (William)	Sept 20
Biomechanics International	Sept 19
Cartwright (R.)	Oct 10
Costain	†Sept 13
Enterprise Oil	Sept 24
Fisons	Sept 18
Folkes (John) Hefo	Sept 19
Hall Engineering	Sept 14
Hurst (Charles)	Sept 28
Jebsons Drilling	Sept 19
Jove Investment Trust	Sept 28
Laing (John)	Sept 20
Laporte Industries	Sept 20
Lyon and Lyon	Sept 14
Macdonald Martin Distilleries	Sept 21
Magnolia (Mouldings)	Sept 13
Menzies (John)	Oct 1
Minet	Sept 14
Owen Owen	Sept 19
Petrocon	Sept 12
Renown Inc.	Sept 21
Rugby Portland Cement	Oct 1
Scottish Heritable Trust	Sept 17
Southampton, Isle of Wight and South of England Royal Mail Steam Packet	Sept 21
Suter	Sept 13
Telfos	Sept 13
United Parcels	Oct 17
Welpac	Oct 8
Whatman Reeve Angel	Sept 27
Finals:—	
Atlantic Computers	Sept 24
Barratt Developments	Sept 18
HTV	Oct 4
Mucklow (A. and J.)	Sept 20
Oliver (George) (Footwear)	Sept 14
Remer Textiles	Sept 20
Scholes (George H.)	Sept 18
Ter Investment Trust	Sept 13

†Amended

BIDS AND DEALS

Dee makes agreed £23m bid for Lennons

BY CHARLES BATCHELOR

Dee Corporation, the supermarkets and food distribution group, which made a £236m bid for the rival Booker McConnell concern that is currently stalled by a Monopolies investigation, yesterday agreed a £23m bid for Lennons Group, the Merseyside retailer.

Lennons is the second old-established family company to be snapped up by a larger retailing group in recent months. Argyll Group last month announced a £25m agreed bid for Amos Hinton, a North-East supermarket company.

Dee is offering two of its own 25p shares for every 19 Lennons shares of 10p each in a bid worth just under 60p a share, 14p up on yesterday's opening price. Dee's shares fell 2p to 586p yesterday while Lennons rose 11p to 57p.

Lennons operates 41 supermarkets and 94 off-licences throughout the North and the Midlands. It doubled pre-tax profits to £1.17m in the year ended March 31 1984 on turnover of £91m, but profits have been under pressure for the past three years and it failed to match its 1981 profit figure of £2.13m.

Lennons will give Dee's Gateway Foodmarkets chain additional outlets in the North-West of England where it is under-represented. The two companies together have only 2 per cent of the packaged grocery market in the region and no overlapping store locations. Naturally Dee claims a 5 per cent market share.

Mr Alec Monk, Dee chairman, said: "Lennons has not been trading very well for three to four years now and they have come to realise that even if they make improvements it is a hard road to follow. The prospective sale of Amos Hinton to the Argyll Group underlined to them the way that family businesses were going."

Dee's offer has the backing of Lennons' directors who control 2.91m shares or 7.49 per cent of the equity. Full acceptance of the offer would lead to the issue of 4.1m new Dee shares or 6.45 per cent of Dee's enlarged equity.

Mr Denis Lennon, the chairman, whose father Frank founded Lennons around the turn of the century, said: "It is getting more and more difficult for the smaller people to survive in the rough, tough world we live in. There is a lot of unemployment in this area and we face competition from companies such as Sainsbury's which are moving up here and opening large stores with car parks."

Dee and Lennons had been in contact in the past and Lennons has also had approaches from other groups, but yesterday's agreement resulted from an approach made last Saturday by Dee.

"The Dee dividend is much higher than ours and it is a long time since our shareholders have seen our price around 60p," said Mr Lennon.

Dee is being advised by Morgan Grenfell and Lennons by Singer & Friedlander.

Dee made a pre-tax profit of £28.3m on turnover of £1.39bn in the year ended April 28 1984. It has 340 supermarkets in the UK trading as Carrefour superstores, Gateway Foodmarkets (including Frank Dee Supermarkets and Key Markets) and Wellworth. It also operates 93 cash and carry warehouses.

Dee is due to meet the Monopolies Commission for the first time next week to discuss details of its contested bid for Booker.

Amstrad looks at Fidelity

By Charles Batchelor

Caparo Industries, Mr Swraj Paul's engineering company, may face competition for the hand of Fidelity, the hi-fi and television group, in the shape of Mr Alan Sugar's Amstrad, consumer electronics group.

Caparo's £13.5m cash offer, announced last Tuesday, has already been rejected by the Fidelity board.

Mr Sugar said yesterday: "We have had some contact with Fidelity and we are going to review the situation and make a statement on Thursday. There have been no formal talks. It is not out of the question that we would bid for Fidelity. It is going to take us some time to look at things internally and to see if we are interested or not."

Fidelity's shares rose 3p to 125p yesterday — 5p above the level of the Caparo offer. Armstrad's shares fell 1p to 75p to value the audio, video and personal computer importer and manufacturers at £82m. Caparo was unchanged at 37p.

Armstrad has expanded rapidly since it went public in April 1980, buying in many of its components in the Far East and launching a range of low cost products culminating last April in its CPC464 micro-computer.

It has forecast pre-tax profits of at least £9m for the year ended June 1984

Swedish group terminates talks with ICI

BY KEVIN DONE, NORDIC CORRESPONDENT

CARDO, A Swedish investment company, has turned down a bid from Imperial Chemical Industries for a majority stake in Hilleshoeg, its highly profitable plant breeding subsidiary.

ICI started negotiations late last year, but the Cardo directors decided yesterday to break off talks on the grounds that it was not willing to surrender control of Hilleshoeg.

Mr Per Lindblad, managing director of Cardo, said the company was still keen to co-operate with a group with similar scientific resources to ICI, but it was not prepared to give up its majority stake. "The price for co-operation was too high," he said.

Hilleshoeg, which is a leading plant breeding company, in particular for the sugarbeet and forestry sectors, has a current market valuation of around SKr 1.6bn (£147.2m). It is 80 per cent owned by Cardo, which floated off a 20 per cent stake in the company to private investors earlier this year.

Mr Lindblad said that ICI was not prepared to open its research and development resources in agro-chemistry to Hilleshoeg without majority control of the company.

Instead of the deal with ICI, Cardo has decided to intensify co-operation between Hilleshoeg and Weibulls, another plant-breeding and seed company it acquired in 1980.

The two companies would substantially increase their research and development.

At the same time, Cardo has turned down government proposals for a merger between Weibulls and Svaloef, a loss-making Swedish plant-breeding company which is jointly owned by the state and the Swedish farmers co-operatives.

● ICI confirmed last night that its discussions with Cardo about the possibility of a joint venture had been broken off as a result of the Cardo board decision yesterday. "It noted the announcement with regret," a company spokesman said.

But he confirmed that ICI was still seeking ways of exploiting what it believes is a strong scientific base in bio-sciences, built up at its research centre at Runcorn.

Intriguing options of Imps' HoJo review

BY RAY MAUGHAN

IMPERIAL GROUP, the tobacco, foods and brewery concern, will review on Thursday this week, a number of options regarding Howard Johnson, the U.S. motel chain, which are ontlined in en internal review mounted in the wake of HoJo's disappointing interim performance.

City analysts note that most of the main Imps' board gave its unqualified approval to the original HoJo purchase proposals in 1979. They assume that Imperial itself would be vulnerable to a bid if it were to decide to dispose of HoJo and realise most, if not all, of its original £280m purchase price.

In thet context, Hanson Trust has been rumoured as a bidder, attracted by Imperial's strong cash flow from cigarettes and beer, and it is nnderstood that Lord Hanson's industrial bolding company has acquired between 15m and 20m Imperial shares in recent weeks.

The Thursday board meeting, chaired by Mr Geoffrey Kent, will consider, among other things, the feasibility of retaining the investment and continuing with a programme of heavy capital expenditure over the next five years into a chain of Plaza Hotels. Other possibilities include an outright disposal to a third party and consideration of a management buy-ont.

The review has been under way since July wben HoJo nnveiled a £2.8m operating loss in the six months to April 30 against a comparable £500,000 deficit.

HoJo's profits are heavily biased towards the July-September holiday period and the results at the interim stage are usually not fer away from break even.

In the last full financial year, HoJo produced an operating profit, before interest and tax, of £19.4m and although the level of debt servicing is never disclosed,

Mr Geoffrey Kent, chairman of Imperial Group

Imperial has said that HoJo is making profits after interest. But the interim loss, slight though it was, abowed a ignificant abortfall against budget and the parent board is now beginning to assess e number of long-term remedies.

Terms of the HoJo deal were first announced by the then Imperial chairman, Sir John Pile, in the autumn of 1979 bnt, in the face of strong shareholder criticism, Imps' first strategic acquisition in the U.S. was not completed for several months. The purchase price was $630m which, at the time, translated to £280m with sterling trading at about $2.40.

The City believes, however, that the Imperial board will be unwilling to sell HoJo despite the interim disappointment. The substantial tracts of capital spending required to establish e mid-priced hotel chain and the reversed fortunes of sterling in the intervening five years would now enable Imperial to recoup its outlay at a substantially lower dollar selling price.

Hill Samuel signs £6m deal with stockbroker

Hill Samuel, the merchant bank, yesterday announced that it has signed the agreement to purchase a 29.9 per cent stake in Wood Mackenzie, the stockbroker, in e deal worth £5.98m.

The bank said it intended to purchase the remaining 70.1 per cent once Stock Exchange rules were relaxed, for £14.02m. The total deal puts a value on Wood Mackenzie of £20m.

The consideration of £5.98m for the 29 per cent stake will be satisfied in part by an issue of Hill Samuel shares. Of this figure £2.99m will be satisfied by the issue of 97,080 ordinary shares, £1.23m by the issue of unsecured loan notes and the balance in cash.

A third of the purchase price for the remaining 70.1 per cent will be satisfied through the issue of Hill Samuel shares.

The business of Wood Mackenzie has been diveded into two parts with effect from September 3 this year. The stockbroking and investment research businesses were acquired by the newly incorporated Wood Mackenzie, while the compnter services business, wbich provides performance measurement valuation and investment accounting services was acquired by WM Computer Services.

WM Computer Services, which is wholly owned by the partnership, commenced trading as an entity on September 3, and Hill Samuel has acquired a call option on over 20 per cent of its share capital.

As part of the overall deal there is e requirement for tbose receiving Hill Samnel ahares (equivalent in value to one-third of the consideration payable) to retain them until April 1989.

Wood Mackenzie will be capitalised at £4.78m, comprising £0.5m of ordinary share capital and £4.28m of subordinated loan stock. The subordinated loan stock will be subscribed by shareholders pro rata

Pro-forma net profits before tax of the stockbroking and investmeot research business of the partnership for the year ended April 7 1984 amounted to £2.7m. The accounts were prepered using Hill Samuel's accounting policies and employmcnt conditions. Net assets attributable to the businesees amounted to epproximately £0.5m.

Mr John Chiene, Wood Mackenzie's senior partner, is to join the board of Hill Samuel.

The cocputer aervice business of Wood Meckenzie bas been kept separate from Hill Samuel's operetions to avoid any conflicts of interest wbich may arise from a close relationship with the bank.

* * *

Johnson Group Cleaners has purchased Al Phillips the Cleaner of Las Vegas, Nevada, for US$4.6m cash (£3.56m).

Al Phillips is a retail dry-cleaning business with nine shops having an estimated 30 to 40 per cent share of the market in Las Vegas.

Granville & Co. Limited

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Over-the-Counter Market

1983-84 High	1983-84 Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	137	—	6.3	4.6	8.0	10.5
158	117	Ass. Brit. Ind. CULS	142	—	10.0	7.0	—	—
78	54	Airsprung Group	54	—	6.4	11.9	5.9	7.2
38	21	Armitage & Rhodes	37xd	—	2.9	7.8	4.6	7.7
132	57	Bardon Hill	122	—	3.4	2.8	13.3	20.5
58	42	Bray Technologies	42	—	3.5	8.3	4.9	7.0
201	173	CCL Ordinary	173	−2	12.0	6.9	—	—
152	117	CCL 11pc Conv. Pref.	117	—	15.7	13.4	—	—
640	100	Carborundum Abrasives	539	+2	5.7	1.1	—	—
249	94	Cindico Group	94	−1	—	—	—	—
69	45	Deborah Services	66	—	6.0	8.0	35.3	57.4
235	75	Frank Horsell	235	—	—	—	9.4	12.4
206	75½	Frank Horsell Pr.Ord.87	206	—	9.8	4.7	8.8	10.8
69	25	Frederick Parker	25	—	4.3	17.2	—	—
39	32	George Blair	35	—	—	—	—	—
80	48	Ind. Precision Castings	48	—	7.3	15.9	13.7	15.9
218	200	Isis Ind. Services	200	—	15.0	7.5	8.3	19.9
124	61	Jackson Group	109	—	4.2	4.5	5.0	8.8
231	213	James Burrough	231	—	13.7	5.9	8.2	8.2
92	83	James Burrough 9pc Pf.	87	—	12.9	14.8	—	—
145	100	Linguaphone Ord.	145	—	—	—	—	—
100	96	Linguaphone 10.5pc Pf.	96	—	15.0	15.6	—	—
445	275	Minihouse Holding NV	445	—	3.8	0.9	32.0	35.0
176	46	Robert Jenkins	46	—	20.0	43.5	6.3	3.2
74	45	Scruttons "A"	45	−1	6.7	12.7	23.7	5.5
120	61	Torday & Carlisle	90	—	—	—	8.7	20.5
444	385	Travian Holdings	433	—	Suspended			
26	17	Unilock Holdings	20½xd	—	1.3	6.3	10.0	14.3
92	85	Walter Alexander	84xd	—	7.5	8.9	6.4	10.1
276	230	W. S. Yeates	230	—	17.4	7.8	6.5	11.0

APPOINTMENTS CONTRACTS

BASE LENDING RATES

A.B.N. Bank	10½%	■Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst. & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Perm't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■J. Henry Schroder Wagg	10½%
■Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choularton	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶12 %	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■Guinness Mahon	10½%		
■Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1-month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 7¼%.
§ 21-day deposits over £1,000 8¼%.
¶ Demand deposits 7¼%.
‖ Mortgage base rate.

Top positions at Mothercare

HABITAT MOTHERCARE has made the following appointments: Mr Bernard Greaves, chief executive, Mothercare UK, Mr Eckart Matthes, chief executive, Mothercare Europe, and Mr Daniel Schwarzwalder, chief executive, Mothercare U.S.A. Mr Greaves was appointed to the board of Mothercare Limited in August 1983. Mr Matthes joined Mothercare in July. Prior to joining Mothercare, Mr Matthes, a German national, was vice-president of Leffers Textile Department Stores for five years before spending five years as president of Hertie. Mr Schwarzwalder, president of Bilka, a subsidiary of Hertie, also joined Mothercare in July. Prior to joining Mothercare, he spent ten years at Abram and Straus in buying and managerial positions, becoming vice-president followed by two years assisting the president of Miller Wohl.

*

WILLIAM AINSCOUGH DEVELOPMENTS has appointed Mr John Cassidy, former deputy chairman of the Barratt Developments Group, its financial director.

*

Mr Trevor Smith has been elected to the board of B. ELLIOTT. Mr Smith will retain his responsibility for the group's human resources and will continue as managing director of B. Elliott Group Services.

*

Mr Alan J. Knights has been appointed a director of HFC TRUST AND SAVINGS. Mr Knights has recently retired from the Midland Bank, where he spent eight years as a general manager (London, Home Counties and South East division). He was also for several years head of the bank's planning division.

*

Mr Tony Wardell has been appointed director and general manager of AEROSOLS INTERNATIONAL, the Wellington-based subsidiary of the health and hygiene division of Cadbury Schweppes.

*

SMALL SYSTEMS ENGINEERING has appointed Mr Peter Breen its managing director and Mr Peter Chamberlain marketing and sales director. Mr Breen prior to joining SSE was for 2½ years managing director of STC Business Systems. Mr Chamberlain was sales and operations director of BT Merlin until March of this year.

*

Mr Robert C. Davis has been appointed managing director of ATLANTIC INTERNATIONAL BANK. Mr Davis has been general manager since September 14, 1983 and succeeds Mr Joseph J. Bottiglieg who, after five years in London, is returning to Manufacturers National Bank of Detroit as first vice-president—wholesale administration. Mr Brian A. Weatherlake who joined the bank on August 1, has been appointed general manager.

Telephone Cables has £9m cable job

TELEPHONE CABLES (TCL) has been awarded an export order from Botswana Telecommunications Corp worth about £9m. The turnkey project is part of the Botswana main development programme and considerably expands the existing telephone network covering 12 towns in three main regions—Northern, Central and Southern. Over a period of approximately three years, TCL will be responsible for completing detailed surveys in northern and southern Botswana, for the supply, installation and commissioning of the local telephone cable networks. The first part of the project will be in the capital city, Gaborone, upgrading links from existing subscribers to the telephone exchanges and providing additional network capability to new subscribers. The cables to be supplied, which range in size from five to 2,000 pairs, will for the most part be installed in ducts, or directly buried. Some overhead lines will also be provided.

*

Two British companies have scooped contracts worth £510,000 from U.S. competitors. The furnaces and diesel generators for the first fully automated foundry in Saudi Arabia are to be made by two Surrey-based companies, AJAX MAGNETHERMIC (UK) and ATLANTA ENGINEERING. The new foundry will manufacture and assemble components for line shaft water pumps. The company establishing the new foundry, Absu Nassef Metal Casting and Pumps Factory, is a joint venture between Mr Nouhad Ardroumli, a Lebanese entrepreneur, and Mr Abdulrahman Abou Nassef, a Saudi businessman.

*

The ability of the Mono progressive cavity pump to transfer liquids containing abrasive solids was a vital factor in winning an order for 51 pumps worth £120,000 to be installed in the Heysham and Torness nuclear power stations. The stainless steel MONO PUMPS will be used on duties that include pumping of radio-active solids in suspension and active waters in the waste processing and cooling areas.

*

F.K.I. Electricals most recent acquisition, BURNDEPT ELECTRONICS has won a £5.4m contract for its vehicle radio equipment as part of a Home Office Directorate of Telecoms contract for £18m worth of vehicle radio equipment for police forces and fire brigades throughout England and Wales.

*

The pumps division of SULZER BROS (UK), Leeds, has won an order valued at over £500,000 from NEI Parsons, Newcastle, to supply three boiler-feed-pump sets. These are for installation at the Jacui 1 thermal power plant of the Centrais Electricas Do Sul do Brazil (Electrosul) of Florianopolis, Brazil, where they will operate in conjunction with a 350 Mw steam turbine being supplied by NEI Parsons.

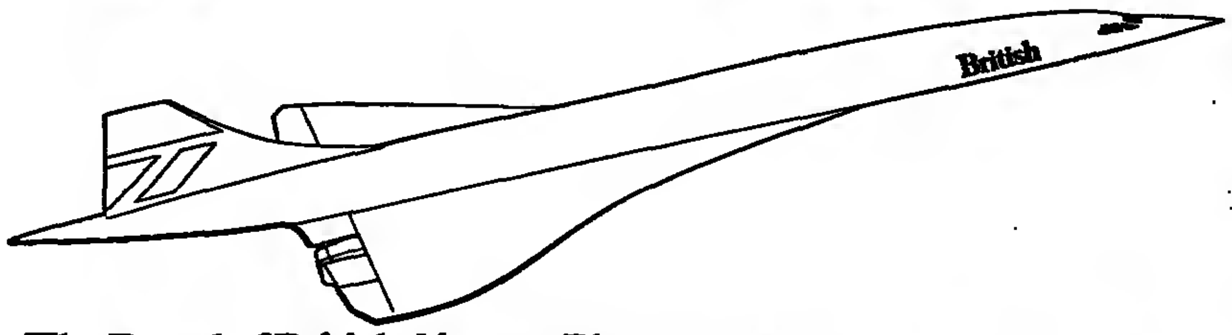
The offshore division of WHESSOE HEAVY ENGINEERING (Whessoe Group) has been successful in securing two contracts for Shell UK Exploration and Production. The first, worth £11.5m, is for three modules and a vent stack with a total weight of 4,180 tonnes, and is scheduled for installation in the Sean Fields, in the southern North Sea, by November next year. The second, worth £2.5m, requires construction of a 600 tonne molecular sieve module for the Fulmar Field and is due for completion April 1985.

KENT INDUSTRIAL MEASUREMENTS, a Brown Boveri Kent company, has won an instrumentation order worth over £400,000 for the South of Scotland Electricity Board's nuclear power station at Torness. The contract, to supply on-line analytical equipment for the advanced gas cooled reactor station, was placed by Babcock Bristol on behalf of the National Nuclear Corporation and GEC Turbine Generators. It covers supply of chemical instrumentation plus associated panels, racks and benches.

INTERIM STATEMENT

British airways

A SUCCESSFUL FIRST QUARTER



The Board of British Airways Plc announce the unaudited results for the 3 months ended 30th June 1984.

Group Results	3 months ended 30 June unaudited 1984 £m	1983 £m	Year ended 31 March audited* 1984 £m
Turnover: Airline	682	603	2382
Other	40	41	132
	722	643	2514
Airline (including Airtours) operating surplus	81	70	274
Subsidiaries operating surplus (deficit)	(2)	1	(6)
Operating surplus	79	71	268
Other income including associates	3	2	26
Profit before the cost of Capital Borrowing and Taxation	82	73	294
Cost of Capital Borrowing interest payable	(25)	(27)	(106)
Currency Profits (Losses) (See Note 1)	(10)	1	(3)
Profit before taxation	47	47	185
Taxation (See Note 4)	(4)	NIL	(4)
Profit for the period before extraordinary items transferred to Reserves	43	47	181

The unaudited results for the periods of three months *ended 30th June 1983 and 1984 have been determined in* accordance with the accounting policies used for the year to 31st March 1984.

The following should be noted.

(1) The sterling US dollar rate has fallen during the quarter to 30th June 1984 from $1.44 to $1.36. As a consequence there is a charge to Profit and Loss account of £10m in respect of US dollar loans borrowed for general purposes. The effect on US dollar loans borrowed specifically for the purposes of financing aircraft is to increase their sterling value by £18m, but there is a corresponding increase in the fixed asset value of the aircraft. *The effect on the depreciation charge is not* material.

(2) Provision has been made for the estimated cost of the staff profit sharing scheme attributable to the results of the quarter.

(3) The results for the 3 months ended 30th June 1983 have been adjusted so that they are comparable with those of the quarter being reported upon.

(4) No provision has been made for current UK Corporation Tax, because of the availability of losses brought forward. On present estimates it is likely that a small provision for deferred taxation will be required in the year to 31st March 1985, and accordingly £3m has been provided for this in the quarter. The remaining £1m is in respect of overseas taxes.

Commentary

The volume of mainline traffic in this quarter increased by 11.6% in terms of passengers and 9.9% in terms of revenue passenger kilometres over those for the 3 months ended 30th June 1983. These gains have been most pronounced in UK and Continental Europe. Satisfactory gains were secured in freight and mail and also charters. In spite of lower sterling, the increase in average yield was more modest at 3.4%, particularly in the Middle East and India.

Expenditure has risen at a slightly smaller rate than revenue. Following the 2 year pay agreement from 1st January 1984 staff salaries have increased, and there *have been continuing expenditures on improvements in* passenger services. Depreciation has also increased as new aircraft continue to replace others whose book value had been previously written down to nil. As there has been some deterioration in the availability of foreign currency in certain countries to enable local funds to be remitted to the UK, *existing provisions against these situations have been* strengthened.

The airline operating result shows a 15.5% improvement over the corresponding period a year ago, and the outlook for the remainder of the summer season is good. The airline operating ratio for this quarter is 114.4, compared with *114.2 in the corresponding quarter a year ago.*

Borrowings

During the quarter loan repayments amounted to £56m. The effect of the fall in sterling increased the sterling value of the US dollar loans by £28m, with the result that total bank borrowings only declined from £901m to £873m. Further significant repayments however will occur in the second quarter.

Pension Scheme

The Board announced a new pension scheme for new entrants from 1st April 1984. All employees belonging to the old scheme (which is now closed to new entrants) were offered terms to transfer to the new one. 17000 or 53% of those eligible have elected to do so.

Recommendations by the Civil Aviation Authority (CAA)

The Report of the CAA was published on 16th July 1984. The Board has informed the Secretary of State for Transport that it is totally opposed to those recommendations which would (a) involve mandatory and therefore confiscatory transfers of any of BA Plc's routes to third parties and (b) widen the powers of the CAA. The Board awaits the Secretary of State's response.

*Comparative figures for the year to 31st March 1984 are extracted from the full audited accounts of British Airways Board and its subsidiaries, which received an unqualified full audit report, and a copy of which accounts have been delivered to the Secretary of State for Transport.

The world's favourite airline.

BRASCAN INTERNATIONAL B.V.

NOTICE OF PARTIAL REDEMPTION OF GUARANTEED BONDS

To the Holders of U.S. $20,000,000 8½% Guaranteed Bonds due October 1, 1987 of Brascan International B.V.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Paying Agency Agreement bearing formal date October 5, 1972 between Brascan International B.V. (herein referred to as the "Company") and Canadian Imperial Bank of Commerce Trust Company (herein referred to as "Principal Paying Agent") providing for the redemption of Bonds of the Company U.S. $1,671,000 principal amount of 8½% Guaranteed Bonds due October 1, 1987 of the Company bearing the undermentioned distinguishing numbers, namely:

GUARANTEED BONDS FOR U.S. $1,000 EACH

13	27	30	40	45	46	53	82	64	65	73	01	82	104	109	106
125	126	141	145	101	162	195	215	227	250	261	275	279	551	345	355
357	272	522	535	545	850	569	575	577	579	584	592	500	806	016	621
027	632	684	847	051	655	587	890	701	712	718	722	724	737	742	746
705	786	600	612	816	624	027	932	038	043	952	854	965	978	992	999
1003	1006	1009	1013	1021	1020	1021	1034	1084	1045	1246	1256	1261	1264	1268	1275
1575	1277	1263	1257	1292	1285	1297	1300	1306	1606	1218	1315	1328	1330	7333	1337
1338	1341	1357	1358	1364	1372	1379	1389	1393	1396	1411	1415	1419	1422	1428	1439
1450	1472	1473	1542	1805	1609	1618	1616	1622	1623	1628	1631	1835	1852	[illegible]	[illegible]
1694	1632	1702	1732	1796	1694	1809	1629	1632	1637	1841	1850	1853	1870	1627	1856
1965	2000	2176	[illegible]	2144	2152	2181	2171	5179	2165	2187	2191	2194	2199	2206	2220
2224	2227	2230	2234	2263	5275	2277	2280	2284	2290	2292	2294	2297	2300	2511	2316
2322	2325	2340	2345	2351	5357	2844	2372	5379	2387	2399	2407	2414	2410	2425	2420
2434	2440	2450	2460	2467	2470	2480	5487	2402	2494	5497	2502	2518	2527	2540	2556
2560	2565	2568	2571	2576	2877	2880	2886	2900	2904	2907	2912	2917	2922	2929	2933
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18385	18388	18392	18395	18400	18404	18406	18408	18413	18422	18428	18432	18437	18445	18446	18449
13489	18465	18470	18495	18497	10501	18508	18006	18510	18515	10531	18534	18837	16541	18544	18547
18549	18534	10557	18460	18563	18567	18661	18666	18669	18872	18784	18900	18903	18909	18914	18920
18031	18935	18940	18944	18947	18948	15058	18963	16971	18973	18977	[illegible]	10986	19004	19005	19007
19008	19013	10010	10022	16022	19628	19930	19047	19048	10059	19067	19070	19074	19077	19082	19080
10099	19094	19099	19103	10109	10100	10111	10118	18121	10123	19125	19128	10154	19136	19139	10140
18143	10147	10150	10154	10103	19187	10170	10174	10177	10101	19182	10188	10196	10103	10197	19205
19206	[illegible]	[illegible]	[illegible]	10235	10537	10239	10245	19545	10247	19250	18277	10285	19285	19287	19253
19297	18300	19506	19309	19313	10310	10325	10327	19331	10334	18339	10348	19351	[illegible]	[illegible]	[illegible]
19367	19378	19379	[illegible]	19386	19390	19393	19396	19400	19406	19411	19414	19417	19421	19423	19427
19429	19432	19437	19446	15452	19471	19478	10476	19483	19400	10538	19547	19570	19573	19575	19577
19581	10586	19590	10593	10596	19601	10500	10609	19611	19615	18817	19616	19620	19626	19629	19633
19645	10851	19654	10858	10660	19658	19668	19670	19673	19684	19688	19692	19690	19698	19708	19711
19715	19716	19729	19723	19727	19731	19755	19759	19744	19751	19756	10702	19797	19801	19831	19836
19844	19646	19850	10854	10569	19863	19871	18070	10664	19900	18905	19096	18012	19828	19851	19857
19960	19984	19969	19992	19994	19996	20000									

have been selected by the Company by lot in an appropriate and fair manner on the 28th day of August, 1984 for sinking fund purposes only and that such Guaranteed Bonds will therefore be redeemed on the 1st day of October, 1984 in lawful money of the United States of America in the principal amount thereof together with interest accrued thereon upon presentation and surrender of the said Guaranteed Bonds together with all unmatured coupons appertaining thereto failing which the amount of the missing unmatured coupons will be deductible from the principal amount due for payment. Presentation and surrender shall be made at:

Canadian Imperial Bank of Commerce Trust Company
20 Exchange Place
New York, New York 10006, U.S.A.

Societe Generale de Banque, S.A.
Montagne du Parc 3
1000 Bruxelles, Belgium

Baring Brothers & Co., Limited
8 Bishopsgate
London EC2N 4AE, England

Bank Mees & Hope N.V.
Herengracht 548
Amsterdam 1002, Netherlands

Deutsche Bank Aktiengesellschaft
5 Junghofstrasse
Frankfurt am Main, Germany

Banque General du Luxembourg, S.A.
14 rue Aldringer
Luxembourg, Luxembourg

NOTICE IS ALSO HEREBY GIVEN that in accordence with the terms of the said Paying Agency Agreement, all such Guaranteed Bonds called for redemption and not presented and surrendered on October 1, 1984 shall not be considered as outstanding, interest upon such Guaranteed Bonds shall cease from and after such date and coupons for interest to accrue after such date shall become null and be void.

DATED at the City of New York, New York, USA, this 28th day of August, 1984.

BRASCAN INTERNATIONAL B.V.
By Canadian Imperial Bank of Commerce Trust Company

FINANCIAL TIMES SURVEY

Tuesday September 11 1984

Biotechnology

The focus of interest in biotechnology is shifting from the activities of new entrepreneurial businesses to greater involvement by established companies, notably in pharmaceuticals and health-care. This survey co-incides with Biotech 84, an international conference in Washington DC this week

A race to develop new products

BIOTECHNOLOGY—the industrial use of microbiology—is changing rapidly in commercial perception.

Five years ago it was seen mainly as a novel way of making some exceedingly scarce substances, such as interferon, in quantities that might open lucrative new markets. Today it is recognised as a family of techniques of potential value to a wide span of industry, which many kinds of company can help to supply.

Five years ago most of the claims for biotechnology were coming from minuscule companies, mostly in the U.S., fostered by venture capitalists in partnership with academics versed in "genetic engineering." These new biotechnology companies were mostly research concerns selling claims that they knew how to make some highly-prized compound too complex for chemical synthesis. They knew, but sometimes played down, the true time and cost of bringing their compounds to the market, in case it frightened away the type of money on which these companies were launched.

The experiences of such businesses has provided both investor and user with a wealth of information on the prospects and pitfalls for biotechnology.

Behind a front of impressively large, but often suspect, statistics of the size of markets the techniques might reach, scientists were showing that the techniques worked; that they could harness microbes to make compounds too complex to synthesise.

This survey was written by DAVID FISHLOCK, Science Editor

Big companies had paid for the research often by placing a contract with the new concern. Schering Plough paid Biogen to develop genetically engineered alpha-interferon. Eli Lilly paid Genentech to develop human insulin. Socal paid Cetus to develop fructose syrup.

At Biotechnology 84 at Wembley in May, Mr Ronald Cape, co-founder of Cetus, estimated that U.S. new biotechnology firms (NBFs) alone would spend more than $500m (£385m) on research this year. But established U.S. companies would spend three times as much on biotechnology, bringing the total to more than $2bn. The established companies—not only in the U.S.—will determine the speed and penetration of any "biotechnology revolution." They were made to seem slow by the pace and publicity of the new companies but in reality had often been aware of the possibilities first, before even the key inventions of the mid-1970s which made possible genetic engineering.

Hoffman-La Roche, flush with funds from tranquiliser sales in the 1960s, had the foresight to invest in research institutes in Switzerland and the U.S. which stood closer to academic than to their own research centres. Sandoz had such an institute in Vienna, but kept it closer to corporate research and development. ICI financed its first joint laboratory with a university in 1973-74.

In other words, the new companies are selling themselves to a very sophisticated market, well able to asses both the science and the commercial claims. But it is a market which, as Dr Hubert Schoemaker, president of Centocor, has recognised clearly, desperately needs new products. This is especially so in health-care, which seems set to be the dominant outlet for new biotechnology in the 1980s.

Dr Schoemaker sees his new concern as "a company to link the untapped resources of the academic research community with the excess distribution capacity of existing companies in the industry." Centocor's commercial partners include Hoffmann-La Roche, Abbott Laboratories and Toray Fuji-rebio.

The pace-setting new companies are recognising that their survival as independent entities depends crucially on getting right this relationship with, on the one hand, the state-funded resources of the academic world, and on the other the resources of big business. Cetus, for example, learned a harsh lesson of the penalties of over-dependence on too few patrons.

When Socal decided—for commercial, not technical reasons—not to proceed with the fructose project, the blow could have been mortal. In fact, it has regrouped under new management as a health-care company, rather than a contract research and development concern, with product sales exceeding $2.5m last year.

The efficiency with which the new companies have transferred the new scientific discoveries of recombinant DNA (gene splicing) and monoclonal antibodies has had consequences for the academic world. It has exposed weaknesses and gaps in the underlying research base.

Industry, large and small, has been tapping the data bank at furious pace since the mid-1970s, warns Dr Ed Dart, who heads ICI's research and development in biosciences. "The data bank is exhausted," he says.

ICI has provided the Government's Advisory Council on Applied Research and Development with its view of the weaknesses in the current academic armoury.

Prof Sydney Brenner, director of the Laboratory of Molecular Biology in Cambridge, delivers the same warning from a different angle when he chides industry for looking to laboratories such as his for ideas for new products. What they should be seeking from basic research is new directions and techniques for a novel way of doing industrial chemistry in which yield is no longer important.

Senior British biotechnologists, Rob Margetts of ICI (left) and Jack Edelman of RHM, sample a very credible simulation of a cold chicken-and-ham pie made from myco-protein made in RHM's pilot fermenter.

LARGE CONTRACTS BETWEEN COMPANIES AND UNIVERSITIES

Company	University	Value of contract	Year of agreement	Description
Celanese	Yale	$1.1m over 3 years	1982	Basic research on enzymes
Du Pont	Harvard Medical School	$8m over 5 years	1981	Fundamental genetic research
Engenics*	Stanford, MIT California	$2.4m over 4 years	1981	Chemical engineering and biotechnology research
Exxon	MIT	$7m-$8m over 10 years	1979	Study of more efficient and non-polluting combustion methods
Hoechst	Massachusetts General Hospital (Harvard Medical School affiliate)	At least $70m over 10 years	1980	Creation of department of molecular biology
Leicester Biocentre†	Leicester	£1.25m over 5 years	1983	Yeast genetics
Monsanto	Washington University, St Louis	At least $23.5m over 5 years	1982	Basic and product-orientated research on proteins and peptides
Monsanto	Oxford University	£1.2m over 5 years	1983	Sugar chemistry
Pharmacia	Uppsala	$4m over 6 years	1982	Molecular biology

* Engenics is a joint venture of Bendix, General Foods, Koppers, Mead, Noranda Mines and Elf Aquitaine. † Leicester Biocentre is a joint venture of John Brown, Dalgety-Spillers, Distillers Gallaher and Whitbread.

Moves to exploit opportunities

Once the scientist has found a self-replicating molecule, he can amplify by biotechnology instead of worrying about the efficiency of his chemistry. Some major companies have already responded by directly funding underlying research in universities.

Early this year, the Office of Technology Assessment of the U.S. Congress published a 600-page study of commercial biotechnology.* It demonstrated that the U.S. has mounted a big commercial effort to exploit the new opportunities for biotechnology.

It found 219 U.S. firms keenly interested in the new technology, of which over 100 were new companies. But it also reveals U.S. fears that Japan will repeat the success it has had in consumer electronics and overtake the present clear U.S. lead.

Japan, the study finds, considers biotechnology to be "the last major technological revolution of this century." It is being commercialised there by a wide range of industries, many of which have experience of older biotechnologies. Outside the U.S., Japan is the nation with most finance available for biotechnology. Its government has declared it a national priority and is backing joint company ventures.

Most established Japanese companies in the field have at least one bank as a large shareholder, providing low-interest loans for research and development. Wealthy individual investors in Japan, although few in number, have also put up risk capital.

The OTA study finds that Japanese interest blossomed only in 1980, in response to what was seen as a threat to its pharmaceutical industry. In four years, more than 150 companies have rapidly reorganised their research and development systems, equipped research institutes, and recruited new staff to evaluate the applications of biotechnology, it says.

In 1981, the Japanese Government announced a 10-year plan to promote "next generation" industrial biotechnologies, focusing on bio-reactors, genetic engineering and mass cell culture. It invited 14 companies to participate, with MITI providing over $100m, but 90 per cent of the research and development was to be done in industry.

Five other Japanese Government agencies provided a further $67m for biotechnology in 1983.

The OTA researchers are also impressed by the "truly extraordinary" ability of Japanese companies to rectify shortages in biotechnology skills by retraining its scientists.

European ventures

No other part of the world is seen to pose a similar threat to U.S. domination of the new biotechnology. Britain is judged to lack the dynamism needed to get the best from such a broad-based technology. West Germany has problems harnessing its academics to assist industry. France lacks the academic base essential to commercial success.

Only Switzerland, with its three major multi-national pharmaceutical groups backed by strong university research and government interest in promoting biotechnology, is seen as a commercial force to be reckoned with.

* * *

* *Commercial biotechnology: an international analysis, OTA-BA-218, January 1984, U.S. Printing Office, Superintendent of Documents, Washington DC 20402.*

Diagnostic tools for medical and veterinary uses are likely to form the first wave of new products from genetic engineering

Major emphasis on new pharmaceutical products

THE NEWFOUND enthusiasm for biotechnology of the past few years was launched mainly on promises of new drugs: such drugs as interferon, for diseases such as cancer and others, widely regarded as incurable by earlier methods.

Biotechnology has delivered the drugs and shown that it can make, in quantity, substances once regarded as exceedingly rare. Whether they will prove both efficacious and safe still remains to be seen and it will inevitably take longer than early promises implied.

Biotechnology is also delivering valuable new products in less glamorous markets: a method of identifying hepatitis B virus, a way of purifying interferon, a technique for biodegrading stubble instead of burning it, a way of cleaning drains by dissolving the hair that is so often the cause of clogging. Soon British housewives will be buying foods made in a big bio-reactor at Billingham.

The drug race

Genentech and Biogen led the race to produce genetically engineered interferon. Biogen has obtained a patent from the European patent office for the cloning of alpha-interferon by *Dr Charles Weissmann* of Zürich University, who is chairman of Biogen's board of scientific advisers.

Within a few months, Schering Plough, the U.S. health-care group, hopes to bring alpha-interferon to the market, under the brand-name Intron, as a treatment for certain rare cancers and also for the common cold.

The biotechnologists have thus fulfilled their promise of delivering pure and plentiful interferon. Less happy, however, have been the results of trials on patients so far. It is neither a panacea nor free from side-effects. But the availability of Intron as a *research* drug will encourage much wider trials for potential uses.

Meanwhile, interferon has proved to be not one but a family of substances found naturally in the body. Biogen has genetically engineered another, gamma-interferon, said to be ten times as potent as the alpha form. The company is confident enough that gamma-interferon will prove valuable to the doctor to plan to make and sell the drug itself, under the brand-name Immuneron, as a new treatment for cancer.

It is building a production unit in Geneva, expected on-stream late next year. Dr *Walter Gilbert*, its chairman, says he sees Immuneron as a major drug with potential earnings as a mature product of \$300m a year.

Dr Gilbert, e Nobel laureate for his cancer research, believes that cancer treatment is a sufficiently small and well-defined speciality for Biogen to tackle this market unaided in the U.S. He envisages a small sales force of about 75 selling directly to the 1,400 U.S. specialists by the late-1980s.

Together with gamma-interferon, he plans to market another genetically engineered version of a natural substance, interleukin-2, as "a broad-spectrum immune modifier" for use with interferon, under the brand-name of Bioleukin.

Last spring the company also announced the first tests in Europe for interleukin-2, for AIDS (acquired immune deficiency syndrome). The promise of interleukin-2 lies in the way it stimulates the growth of cells controlling and regulating the human immune system, which holds promise for the treatment of such diseases as rheumatoid arthritis and multiple sclerosis.

In Britain, Celltech with strong support from the Medical Research Council, is establishing itself as a world leader in the novel technology of monoclonal antibody production. Monoclonal antibodies, first made in Britain, are now recognised as substances with very wide application to medicine, from purifying drugs to the treatment of disease.

Celltech's culture products division, set up last summer, is tissue-culturing monoclonal antibodies in 100-litre fermenters both for Celltech's own products and as "raw materials" for other companies, notably Centocor in the U.S.

Recently it took delivery from APV of a 1,000-litre bio-reactor, costing in total about £250,000 to instal and commission, as the basis of a business producing kilograms of monoclonal antibodies a year.

"We're absolutely delighted with this business. We know we have a world lead and we intend to keep it," says Mr Gerard Fairtlough, Celltech's chief executive. Applications for "bulk" quantities of these highly-prized agents include the purification of alpha-interferon and the typing of blood.

But Celltech's "inside track" into MRC research in genetic engineering has also given it access to major opportunities for new drugs. One is tissue plasminogen activator, a scarce but potent agent for treating blood clots in heart attacks and strokes. Several NBFs have recognised it as e worthwhile target and Celltech puts the market potential at £330m a year.

It has undertaken a research programme for Sankyo, the major Japanese drug company, to try to develop a genetically-engineered version of this agent.

Monsanto researcher examines a soyabean plant grown by tissue culture from plant cells.

Pesticide production

AT Biotechnolgy 84 at Wembley, in May, Dr Stephen Lisansky of Tate and Lyle made some pointed comparisons between the cost of developing new chemical and new biological agents for the control of agricultural pests. A new chemical pesticide could cost £12m to develop and would need a £30m-a-year market to recoup that investment.

But a new bio-agent might be found for £400,000 and could make a profit from markets worth less than £600,000 a year, Dr Lisansky said.

Bio-control of pests—using one organism to attack another—is one longstanding research activity of the Agriculture and Food Research Council now thought to be ripe for commercial exploitation. The ettraction lies both in the numerous insects still uncontrolled by cheimical pesticides, and in the way pests are beginning to evade chemicel control by developing resistance to insecticides and fungicides.

According to Dr Lisansky, microbial control agents for specific pests are often easy to find compared with the problems of screening many thousands of chemical compounds for signs of bio-activity. Moreover, pest resistance to microbial control has not yet been detected.

Dr Roger Gilmour and his newly-recruited management team at the Agricultural Genetics Company in Cambridge has the task of trawling the research of the AFRC for promising ideas of this kind thet might be exploited as effectively as Celltech is exploiting MRC research in medical science. Its first research contract was placed earlier this year with the council's Glasshouse Crops Research Institute, for field trials of a promising method of biodegrading straw and stubble after harvesting.

The big incentive is public pressure to end the traditional farm practice of stubble burning. Dr Jim Lynch has produced "cocktails" of microbes which rot straw quickly and efficiently in the moist, airless confines of a laboratory reactor. The challenge is to get them to work when spread over a field.

Plant tissue culture has already attracted a major research investment from far-sighted companies such as Unilever and ICI, some of which has already reached the stage of field trials. A long-range AFRC research objective now beginning to look very promising is tha disease-resistant potato. Its scientists have developed a tissue culture technique which starts with leaves of the potato plant.

Cells from leaves, stripped of their cell walls by digestion, can be induced to reform into mature potato plants, and 10 British and European species hava been cultivated in this way.

The significance of this achievement lies in the fact that the potnto is very resistant to any improvement by conventional plant breeding. But AFRC scientists have recently shown that by tissue culture they can inoculate potato cells with foreign genes—the first major crop to ba genetically modified, with subsequent recovery of whole plants.

It opens up the possibility of inoculation with genes that will confer disease resistance, disease being one of the main causes of low potato yields.

Even with crops that are amenable to modification by plant breeding, however, tissue culture promises important advantages. It can cut two or three years from a typical plant-breeding cycle, while inoculation with foreign genes through genetic engineering foreshadows still more dramatic improvement.

Diagnosis of disease

WHEN Biotechnology Investments asked British doctors to say in what areas of health-care they would most like to see more research, three of the six priorities they pinpointed concerned the diagnosis of disease.

Tests for diseases are a logical target for the new biotechnology firms. Doctors are handicapped by having no specific tests for many human conditions, from hepatitis B to AIDS. For others, such as the many cancers, they would like an earlier indication that the disease is present.

An unambiguous test can also be an important first step towards treatment of a disease; again cancer is an example. Tests can also be introduced to the market much more quickly than a new drug, which requires prolonged safety testing.

For such reasons as these, many NBFs have included diagnostics in their business plan. For Celltech, for example, access to the MRC's technology of making and using monoclonal antibodies gave the company a head start upon many rivals. Last summer it found a partner in Boots and set up Boots-Celltech Diagnostics as a separate company, with Boots providing the market outlets and experience for the new diagnostic tools.

A world lead

According to Mr Gerard Fairclough, Celltech's chief executive, the offshoot is already astonishing the medical world with the quality of its first few products.

One is a way of measuring levels of alpha-interferon in blood, which will become increasingly valuable to doctors when the new sources of interferon become available. Another is a test of thyroid function, said to be simpler and more sensitive than any previously available. Thyroid function is a very common medical test and the company estimates that 730,000 were carried out in Britain in 1983.

Several U.S. NBFs, however, have been quick to exploit the diagnostic potential of monoclonal antibodies. Damon Biotech, for example, inaugurated this summer a \$4m cell culture facility designed to produce kilogram quantities of monoclonal antibodies as raw material for clinical trials and diagnostic kits.

Monoclonal Antibodies claims to be selling them at an annual rate of \$2m in such products as e range of pregnancy tests and a simple predictor for human ovulation. This company is also looking to the animal breeding market with adaptations of its human tests.

In Britain the AFRC has set up a monoclonal antibody centre at its Institute of Animal Physiology et Babraham near Cambridge. It will develop assays for use in plant sciences throughout the council's research centres. For example, antibodies have been produced that will discriminate between strains of potato virus Y to support diagnostic work in plant pathology.

The Agricultural Genetics Company will have automatic access to any tests with commercial potential that may come from this new centre.

Search for the right technologists

Specialist skills

BIOTECHNOLOGY, today and for the foreseeable future, is intimately dependant on the academic community. The new biotechnology, which endeavours to exploit "genetically engineered" and otherwise man-modified organisms, has emerged from fundamental research in the past couple of decades. The skills have been translated to commercial settings by close collaboration between two worlds which traditionally are separate and often suspicious of each other.

Various channels of communication have been set up. The most highly publicised is the new biotechnology company whose principals come from and continue to be advised by the academic world. They include Genentech, Cetus, Biogen, Celltech, Centocor, and many more which have appeared in the past five years.

But farsighted drug companies were creating institutes separate from the main research centres much earlier. These were close enough to academic spirits to attract scientists of the calibre of Dr Georges Kohler, co-discoverer of monoclonal antibodies. Hoffman-La Roche set up two such institutes in the early-1970s in the U.S. and Switzerland, which today are providing a valuable pool of highly talented manpower for the emerging biotechnologies of the health-care industry.

Challenge

Britain has valuable national networks of such institutes in its research councils. The Medical Research Council's network of laboratories and institutes include, for example, the Laboratory of Molecular Biology in Cambridge, a world-class team headed by Professor Sydney Brenner. The MRC was persuaded to throw its intellectual muscle behind the new Celltech, in an endeavour to compete with offshore rivals having a head start. Celltech even persuaded an MRC unit specialising in immuno-assay to join the fledgling company.

Similar endeavours are being made to put the science of the Agricultural and Food Research Council behind a still-newer company, the Agricultural Genetics Company in Cambridge, set up by the British Technology Group in 1983. The company has been trawling the research council's programme, costing about £100m a year, for biotechnology leads that might support a new British business in genetic engineering applied to such things as crops and forestry.

Dr Peter Dean, research director, is an academic with entrepreneurial experience in biotechnology. His new challenge is to persuade the highly independent research director of the AFRC, with far less tradition of heeding advice from headquarters than the MRC laboratories, to put skills at the disposal of the new company.

Biogen has never made any secret of the fact that it set out to copy the pattern created by Genentech, the pioneering Californian company, in a more international setting. It has an impressive team of scientific

CONTINUED ON NEXT PAGE

How Ranks Hovis McDougall and ICI came together in a new food technology process

Myco-protein moves into the international field

New products

LAST MONTH a British biotechnology invention took a giant step towards the market when Ranks Hovis McDougall announced that ICI was its partner in a scale-up of myco-protein production from 50 tonnes to 1,000 tonnes a year.

The object is to make enough myco-protein for full-scale test marketing in Britain of what is seen as a new food technology of international importance.

For two decades, RHM has been developing its myco-protein technology and safety-testing the product. "The Peter Pan of biotechnology," one RHM executive calls it. It was formally sanctioned as safa for human consumption by the UK Government in 1980. The government is backing the scale-up with a grant of np to £1.5m in the belief that it has both domestic and export potential.

The importance of the technology lies in the way it upgrades carbohydrates to first-class protein. RHM is using glucosa syrup made from starch feedstock. Almost any indigenous carbohydrata — corn, rice, cassava, molassess, and not forgetting the residues currently discarded by the food processing industry—will do as the source of starch.

Myco-protein is a micro-fungus from the same plant family as truffles and mushrooms. It is a natural organism, unmodified by genetic engineering—a step the food industry is reluctant to take. Its thread-like shape confers valuable textural properties on tha product, making the simulation of animal protein textures far more easily achieved than with, say, soya.

Meats, poultry and fisb bave all been imltated satisfactorily in both texture and flavour.

ICI and RHM have been in discussion about using ICI's biotechnology facilities at Billingham for the scale-up. According to Mr Robert Margetts, research director of ICI's agriculture division, from 1980 to 1982 the facilities were fully pre-occupied in commissioning the 50,000-tonne Pruteen fermenter and bringing it np to a high performance.

With Pruteen successfully launched commercially, and selling in over 20 countries as a premium protein additive for animal feeds, ICI has the capacity to exploit its 1,000-tonne pilot Pruteen fermenter, Mr Margetts says.

As Mr Margetts sees it, myco-protein—"a magnificent product concept"—needs a technology very similar to that of Pruteen. Test runs proved remarkably successful even though tha Pruteen pilot plant uses air-lift mixing, whereas RHM had developed a unique stirring system of its own. The ICI team demonstrated a run lasting five weeks.

Through New Era Foods, the joint venture between ICI and RHM, the two plan to spend about £4m-£5m—including the grant—over the next two years. Some hundreds of thousands of pounds will ha spent adapting the plant to a new feedstock (glucose syrup instead of methanol) and different methods of harvesting.

The product will go to food processors—including RHM—for use in a variety of foods, novel as well as simulated, that should begin to appear in British shops next summer.

Myco-protein is the equivalent of milk protein, low in fat and sodium, high in fibre, and with no cholesterol—"all the factors the modern nutrition establishment considers important," says Dr Jack Edelman, RHM's director of research.

No kind of animal husbandry can achieve the food conversion of myco-protein, about 1:1 compared with 10:1 or worse for beef, he says. Moreover, the organism has a doubling time of only five hours.

The Pruteen pilot plant demonstration will provide the scaling factors for the next stage, a commercial demonstration. The target is to compete in price with meat protein at 20,000 tonnes, but Dr Edelman thinks it may compete on a scale as low as 10,000 tonnes.

This possibility offers the partners an alternative to building a new plant for the commercial demonstration. There may be enough spare capacity in the big Pruteen plant to use it for runs of myco-protein as well.

Myco-protein is also providing a demonstration of the astute use of public money in support of biotechnology. In 1981 the British Technology Group agreed to co-fund the operation of the RHM fermenter, at a time when the company was short of cash, to give British industry more time to explore a technology which then seemed likely to be sold off abroad. RHM has since bought out the British Technology Group's investment.

BRITAIN'S BIOTECHNOLOGISTS WITH INTERNATIONAL NAMES

DR RON COLEMAN, Government Chemist, whose thinktank of industrial biotechnologists is spotting the gaps in British industry.

LORD ROTHSCHILD, FRS, chairman and founder of Biotechnology Investments, the Rothschild trust which has set very exacting investment criteria.

GERARD FAIRTLOUGH, chief executive of Celltech, which in three years has established itself as a world leader in the biotechnology of monoclonal antibodies.

DR CHARLES REECE, ICI research director and main board spokesman for one of the world's biggest concentrations of expertise in biotechnology.

WENSLEY HAYDON-BAILLIE executive chairman of Porton International, a private British-based venture which is forging close links with Government research.

The grant towards scale-up has been approved by the Biotechnology Unit nf the Department of Industry. It typifies the type of grant this unit, headed by Dr Ron Coleman, the Government Chemist, is most eager to make. Last year Dr Coleman persuaded Whiteball that instead of using civil servants to seek new initiatives the Government might take in support of biotechnology it should recruit some industrial scientists familiar with the scene.

As a result, for the past 18 months Dr Coleman has had a private "think tank" in London of four industrial scientists seconded for two years. "We're getting a good response from companies," he says. Some have even complained that the questions his experts ask are "too pertinent."

They have identified four priority areas where they believe British biotechnology should be stronger. One is biocatalysis (enzymes), where Britain has less than 2 per cent of a booming £250m-a-year world market dominated by Novo Industri in Denmark (50 per cent) and Gist Brocades in the Netherlands. Both the food and the detergent industries are said to be crying out for innovation in bio-catalysis.

Another priority area is diagnostics, seen by the think tank as embracing both monoclonal antibodies and biosensors. Diagnostics is a fast-expanding market of evident interest to the venture capital market.

While many innovations may seem ideal for the new biotechnology firm, the multi-disciplinary skills needed—for example, genetic engineering plus advanced microchip technology to make a bio-sensor—may overwhelm the NBF.

The third priority area they identify is for genetic engineering in agriculture. ICI disclosed this summer that it was discussing a major collaboration with Cardo, a Swedish agri-business group with large interests in sugar and seed breeding. ICI's interest focuses on Cardo's Hilleshög subsidiary, specialising in plant breeding, as a potential outlet for its own novel plant science, now seen as ripe for application to agriculture.

The fourth priority area is process plant, discussed in more detail on Page 2 of this survey. A major new initiative here is the emergence of Porton International.

Porton International is the brainchild of Mr Wensley Haydon-Baillie, its chairman, a London businessman who has spent nine years defining and selecting the ingredients for a new biotechnology group. He describes it as a "broadly-based internationally organised commercial biotechnology group." How broad can best be answered by Mr Haydon-Baillie's claim that it embraces 10 activities in biotechnology. He knows of no other that embraces more than three.

Porton International brings together two small UK companies and three U.S. ones. The British representatives are LH Fermentation, specialising in bio-reactors and mass cell culture, and Speywood, specialising in blood products such as Factor VIII. The U.S.-based companies are International Medical Diagnostics (diagnostic tools of all kinds), IGB Products (the group's research company in California), and OMEC International, an in-house biotechnology data bank.

A basic requirement of commercial biotechnology as Mr Haydon-Baillie see it, "is extensive and accurate information."

The company starts life with six UK locations, four in the U.S. and one in Hong Kong. The headquarters are in London and Washington.

The company has impressive backing from Legal & General Assurance and the pension funds of Barclays Bank, Esso, ICI and the Imperial Group.

Porton's funds — "larger than Celltech's—are fully committed and include no venture capital. Its chairman says he waited for the first wave of investor interest in biotechnology to subside to take advantage of "the first commercial decade." He sees it as pioneering a new kind of new biotechnology company dedicated to the Japanese principle of "don't discover it, develop it."

Porton International is making its public debut at Biotech 84 with the biggest of the exhibits. Its technical strength is as diversified as its commercial ambitions, but rests heavily on the relations it has forged with the Government's Centre for Applied Microbiology and Research on Porton Down, a Public Health Laboratory Service research centre specialising in biotechnology.

An example of the intimacy of those relations is Porton's exclusive licence from Birmingham University to make and sell a new herpes vaccine, using facilities Porton Down is installing, paid for by the Department of Health.

Close links with academic world

CONTINUED FROM PREVIOUS PAGE

advisers led by Dr Charles Weissmann, of Zurich University, inventor of genetically engineered alpha-interferon.

Dr Julian Davies, 52, the Welsh-born biochemist who runs the Geneva end of Biogen, retains his academic links with Geneva University while endeavouring to run his laboratories with the freedom and informality found in universities. He encourages individual links with universities at all levels, with a freedom that a big company might find intolerable. But for Dr Davies it is no more than recognising that in genetic engineering "university research is the font of basic techniques now and for the future. It's very important that we keep the two-way exchanges going."

ICI began to take a keen interest in the long-term possibilities of genetic engineering as early as 1972. In 1973-74, its central laboratories financed a genetic engineering laboratory for Professor Ken Murray, at Edinburgh University. ICI had its own scientist working in this laboratory, while one of Prof Murray's team worked with ICI researchers.

By the late 1970s, ICI's main biotechnology objective had changed to the science of Pruteen, so it sought a new university connection, this time in a joint laboratory with Leicester University, "seeded by the success" of the Edinburgh venture, ICI researchers say. Today the joint laboratory under Prof Bill Brammer has a team nf 10, inclnding two permanently seconded by ICI, and a budget of £200,000.

Professor Sydney Brenner, in his keynote address to Biotechnology 84 at Wembley in May, warned industry not to confuse the roles of academic and industrial research in biotechnology. Industry should look to universities for the people and tools to pursue genetic engineering, but not for product ideas.

But he advised industry to keep close to universities if they wished to stay at the forefront of a fast-moving field. For most young people, the subject had only two periods, said Prof Brenner—"the past two years and the period before that."

Fears in 1983 that offers from overseas biotechnology companies were causing a heavy drain on Britain's top academic talent led the Biotechnology Directorate of the Science and Engineering Research Council to commission a study from the Institute of Manpower Services.* This disclosed that about 250 British biotechnologists had emigrated since tha mid-1970s, mostly to the U.S. and Switzerland. The outflow peaked in 1981 and 1982, at the rate of about 30 a year, and this rate may still be holding.

The demand for British talent is unlikely to slacken and may increase, the researchers found. Most of those who had left did not expect to return, because of lack of opportunities and lower salaries.

Nevertheless, the directorate sees the drain as less serious than it had feared. More worrying was the finding, in a second report from the same researchers, that Britain's biotechnology industry is creating only about 50 jobs a year.

The researchers found two main trends in demand. One was that the market for "genetic engineers" had stabilised; the other was a growth in demand for a range of bio-process engineering skills, particularly for fermentation specialists in research and development teams in commercial organisations. Elsewhere they found no evidence of a significant shift in the short-term balance of demand, or in the employment, recruitment or training strategies of employers.

* *The Biotechnology Brain Drain, by Richard Pearson and Dr David Parsons; Enabling Manpower for Biotechnology in the UK, by Dr David Parsons and Richard Pearson; Biotechnology Directorate, Science and Engineering Research Council, Polaris House, North Star Avenue, Swindon, SN2 1ET.*

BIOTECHNOLOGY 4

A widening manufacturing span

Bioprocessing technology

UK-BASED companies can obtain from the Department of Trade and Industry's Biotechnology Unit a series of Which ?-style reports on the equipment available for bio-processing.

The 32 reports, prepared under contract for the Government by Matthew Hall Norcain Engineering, each covers a piece of essential biotechnology equipment from fermenters to foam detectors, for example.

These reports are available on a "need to have" basis. They were sponsored by the "think tank" or action group set up last year by Dr Ronald Coleman, the Government Chemist and its chief biotechnologist. This action group (see page 2 of this survey), recruited mainly from industry, advises him of opportunities for commercial biotechnology that Britain might seize with the help of a government initiative.

The biotechnology equipment reports have so far revealed no significant gaps in the inventory of the UK process plant industry calling for urgent government action.

Example

But these reports illustrate the broad span of manufacturing activity relevant to biotechnology. While publicly the new biotechnology firms (NBFs) specialising in cloning have tended to grab the headlines, privately the companies which are most strongly placed in the mid-1980s are often those partly or wholly devoted to bioprocess technology.

A typical biotechnology process includes a fermenter or bio-reactor, the sealed vessel in which the organism is persuaded to breed. It will need nutrient feeds, agitation, cooling, instrumentation and a computer to keep the conditions within narrow limits. Sterility will be another important aspect.

The "soup" it yields will be diluted by modern chemical industry standards. It will need straining to get rid of the water and then careful purification to harvest what may be a tiny fraction of the total product. Quality control will be vital in this operation.

Such companies as John Brown Engineers & Construction and Matthew Hall Norbain Engineering have assembled a broad spectrum of expertise in biotechnology, enabling them to undertake installations as sophisticated as G. D. Searle's pilot plant at High Wycombe.

Porton International is an example of a company which has taken a highly developed expertise in the bio-reactor and added other skills and financial muscle to create a new force in British biotechnology.

A successful solution to some of the bio-processing problems may call for an intellectual effort no less than the cloning of a new target. Above all, it calls for gentle techniques of purification.

Pharmacia, the Swedish biotechnology group, has taken the work of Professor Arne Tiselius, a biochemist at nearby Uppsala University, which earned the Nobel Prize for chemistry in 1948.

It developed his invention of electrophoresis first into laboratory tools, for which the university itself was among its first customers. Then, as the requirements of biotechnology separations grew more exacting, it developed into pilot and then full-scale production techniques.

Similarly, Pharmacia has worked closely with academia to harness chromatography to bio-separations. It foresaw that the laboratory practices needed by the organic chemists would also be needed on a bigger scale by biotechnologists. Its chromatographic methods are used for example by Novo for purification of porcine insulin; and by Celltech to separate monoclonal antibodies. G. D. Searle is pointing one way to the future with its success in designing a product specifically to aid its clean separation by chromatography.

Technique

The object is to add a "tail" to the desired protein, with electrical properties that facilitate separation by ion exchange chromatography. Once the protein has been separated, its tail can be snipped off—also by chromatography—to leave the desired product.

The tools of biotechnology, for every stage from research laboratory to full-scale manufacture, represent a substantial sector of commercial interest. Their importance was recognised from the outset by some NBFs such as Applied Biosystems, a lusty American NBF, by larger biotechnology-based groups such as Pharmacia, and by some financial sources, notably Rothschild's Biotechnology Investments. The 34 quoted and unquoted investments of this trust reflect strongly its conviction that biotechnological progress depends importantly on high-technology tools.

Bio-reagents — "biologicals," as they are often called—are the bedrock of this business in tools for biotechnology. It is a constantly developing fine chemical business which has attracted not only the NBFs but established groups such as Amersham International.

Dr Stuart Burgess, Amersham's chief executive, admits that the company has had difficulties describing its product profile to the City, which have led it to play up medical diagnostics and play down its contribution to biotechnology research. But last year it introduced 200 new "biologicals"—half of them not radio-active—for research workers.

Achievement

It claims to be world leader in sales, which accounted for more than one-third of its turnover. It achieved this position, Dr Burgess says, by keeping close to the research worker across a broad swathe of biological R and D, including that of the major drug houses.

His point is important and underscores why Amersham has been so insistent that it should remain independent of any controlling interest by one company. Innovation in this fast-moving field cannot be achieved in isolation but require close contact—even collaboration—with the market, which in this case is the researcher worker. Suppliers need the full confidence even fiercely competing drug companies so as to maintain a good service.

DTI's Biotechnology Unit is digesting the report of a second contract placed with industry: to study the future needs and markets of biotechnology in Britain. John Brown won the contract, not least because of its experience with Britain's biggest biotechnology process, ICI's Pruteen operation on Teesside.

The main thrust in the future will be a shift from small-scale plant, making high-value products, to increasingly larger plants for products of lower value, at high production rates

Its study, led by Mr M. J. Stewart, general manager of John Brown's biotechnology activities, looks at the opportunities to the year 2000. During that period it sees biotechnology growing at 7 per cent a year — the kind of growth the electricity supply industry enjoyed until the big oil price increases of the 1970s.

The study suggests that biotechnology process plant could be worth a net balance of £600m to the British economy (at present-day values) by the end of 1990 and could be employing about 40,000. The accompanying table shows its estimates for the four broad subdivisions of this market.

Biotechnology equipment market by 2000

	per cent
Fermenters	40
Cell separators	5
Sterile valves	10
Downstream process items	45

Source: DTI Biotechnology Unit/John Brown

The study concludes that the main thrust will be a shift from small-scale plant making high-value products to increasingly larger plant for products of lower value at high production rates. The pattern is already evident in the U.S., it says, and UK industry must prepare itself in the next five years if the U.S. and Japanese process plant industries are not to reach an unassailable market position.

High hopes

It expects the market for new biotechnology processes to lie mainly with health-care products up to 1990, with speciality chemicals and a few commodities arriving in the early 1990s, and an increasing number of large-scale chemicals later in the 1990s. It has high hopes of a major demand for chemical aids made by biotechnology to assist tertiary oil recovery.

It identifies a score of areas where it says customers are demanding better performance. Unsaid but clearly implicit, however, is the suggestion that Britain lacks the special — and all-important — range of expertise and skills of a Pharmacia in the area of downstream processing, while the universities are criticised for failing to feed British industry with good ideas concerning biotechnology process plant.

The John Brown study is to be discussed with industry at a meeting in London organised by the DTI Biotechnology Unit on September 20.

Porton International's bio-reactors at the Centre for Applied Microbiology and Research on Porton Down, near Salisbury

Demand for projects worth backing

Venture capital

THERE SEEMS to be plenty of venture capital available to launch new ideas in biotechnology. What is lacking, the venture capitalists in Britain say, is ideas worth backing and investors they believe capable of becoming successful businessmen.

As one City banker puts it: "Its a seller's market and they are making the entrepreneurs sweat."

A fairly typical City view is expressed by Mr Derek Allam, chief executive of Prutec, venture capital arm of the Prudential. He wants to back biotechnology, believes Britain needs more of it, and has the skills in Prutec to manage it. But too few good ideas and good people are coming forward, especially from the universities, he says.

Biotechnology Investments, the N M Rothschild trust launched in 1981 to specialise in biotechnology ventures, was in its third year of operations before finding ventures in Britain that met the exacting standards it requires of investments. Even now it has invested in only three British-owned start-ups in a portfolio of 34 investments, with one more likely to get backing this autumn. Two-thirds of its cash is invested in biotechnology.

In the public sector, Dr Ronald Coleman, the Government Chemist, has access to substantial funds from the Department of Trade and Industry to support biotechnology. He, too, expresses disappointment with the calibre of ideas coming from the academic community.

There are perhaps about 10 sources of venture capital in Britain with a declared interest in biotechnology. Behind them stand several times as many houses willing to put up second-round finance. But there is no scramble to invest.

The tendency is for the City to discuss ventures informally, lay bare their shortcomings, and explore joint financing of the more promising propositions.

Celltech, launched in 1980 with four City investors plus a government stake, is the classic example. It may be repeated shortly with a "country cousin," Agricultural Genetics Company (AGC), with access to the bio-science of the Agricultural and Food Research Council. AGC, backed mainly by Ultramar, has been seeking more investors to provide launch capital of about £15m.

Dr John Walker, a scientist who has seen biotechnology as an industrial researcher and as a City investor, believes the technology has come a long way from the heady days of promising interferon as a panacea. About 200 new biotechnology companies were launched in the late 1970s to early 1980s. Estimates suggest that the private U.S. investors put about $1bn in these companies in 1983.

Dr Walker, joint director of investment for Charterhouse Japhet, a £15m venture capital fund with an interest in health-care and bio-sciences, says the first five years of frenetic activity have served to crystalise ideas. Most new biotechnology companies have recognised that they cannot make it alone with new health-care products. They need the support of established patrons — the big drug houses and instrument companies. Even Californian pioneers such as Genentech and Cetus recognise this, Dr Walker says. Celltech has found a partner in Boots for its diagnostic products based on monoclonal antibodies.

A different approach has been adopted in putting together Britain's latest biotechnology venture, Porton International. Disparate but well-established activities in biotechnology are being knitted into a single biotechnology group backed by substantial City funding. Key components are LH Engineering, specialists in small but highly sophisticated bio-reactors; Speywood, a blood-products company formerly backed by Prutec and the British Technology Group; and exclusive access to the intellectual property of the Public Health Laboratory Service's genetic engineering research at Porton Down.

The incentives differ widely from nation to nation. Many are eyeing apprehensively the scale of government backing declared by Japan, although closer analysis shows that it is not out of line with public investment elsewhere

Biotechnology Investments remains a touchstone of quality because of the rigour of its invest analysis, as specified by Lord Rothschild, the Cambridge scientist who created the trust. It has cast its net internationally and concentrated on evaluating other people's propositions rather than trying to create its own opportunities.

Lord Rothschild, in his latest annual report, says the $80m (£61m) trust is "encouraged by the continuing flow of new proposals for investment in unquoted companies and we remain confident of finding further attractive opportunities to expand our portfolio." In the year to May 31, it received 54 investment proposals including 34 from the U.S., 12 from Britain, two from West Germany and one each from Australia, Belgium, Eire, Israel and Switzerland.

It made initial investments in eight, including three directly in the UK—Celltech, 1Q (Bio), and WMC. Two more were made indirectly in the UK—Genzyme and International Plant Laboratories, both U.S.-owned. The other three are also U.S. companies.

Too many biotechnology shares were over-valued in the euphoria of the new companies boom, says Mr David Leathers, investment director of Biotechnology Investments. Many with no hope of profits before 1987-1988, are still overpriced, he believes. Many investors have found themselves stuck with shares they did not understand. "They were in it for the quick flip."

The shake-out in share prices has caused surprisingly few new companies to go under. But it has damaged morale in some, including a few which Mr Leathers regards as a sound long-term investment for their ideas and management — provided they are protected from stock market hysteria.

Biotechnology Investments is reviewing about 37 new propositions for investment—a record number—and is "encouraged by the quality of the proposals," Mr Leathers says. It expects to make its first unquoted investments in Europe (outside Britain) this autumn, in Belgium and Ireland.

But it sees Europe's lack of an established unlisted securities market as a handicap. "It's going to be a slow process in Europe," Mr Leather says.

Biotechnology is likely to be dominated by health-care products into the 1990s. The close connection between such products and new medical technology has been recognised by several venture capital firms, and is reflected in the portfolio of 3i-Investors and the prospectus of Charterhouse Japhet.

For Cogent, venture-capital arm of Legal and General Assurance, health-care is one of three business sectors, along with instrumentation and technical software. It is focusing initially on biosensors and diagnostic virology.

Biotechnology Investments obtained its shareholders' approval in January to "broaden the company's sphere of investment to include certain areas of health science that do not incorporate biological processes." Lord Rothschild says. Through the Royal College of Physicians, a distinguished panel of doctors was invited to say what the profession most needed from scientists. They picked out six priority needs:
- Simple, cheap DNA probes for diseases, including cystic fibrosis, Down's Syndrome and muscular dystrophy.
- Simpler, more specific techniques for rapidly diagnosing viral, bacterial and parasitic infections.
- Infection-free blood products such as Factor VIII, Factor IX and albumin, made by genetic engineering.
- Better vaccines for common diseases such as whooping cough, measles and hepatitis.
- A cheap, first-class supplement to replace maternal milk at weaning.
- More effective and specific ways of aiming agents to specific cells for the diagnosis, monitoring and therapy of cancer.

Lord Rothschild, in his latest report to shareholders, says he is gratified to find that the doctors' requirements "coincide so well with the aims of those companies in which we have already invested."

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Tuesday September 11 1984

Bleak conditions force curb on Filipino sugar output, Page 42

WALL STREET

Easier close after late rally fails

AN ATTEMPTED rally late in the session failed to find support on Wall Street yesterday leaving shares to close easier on the day, *writes Michael Morgan in New York.*

By the close, the Dow Jones industrial average was 4.86 lower at 1,202.52 on moderate turnover of 75m shares – its lowest since August 15 – having been 1.87 ahead with half an hour to go to the final bell.

At the opening, the Dow had dipped 10.38 to 1,196.99, its lowest level of the day, but it regained the 1,200 mark around lunchtime.

Stocks again took their lead from the performance in the credit markets where early prices of Treasury coupon issues were broadly lower on the back of a federal funds rate which opened at 11⅛ per cent and in the wake of the Treasury's formal ban on the sale of bearer securities with government backing.

The funds rate later slipped back to 11 per cent after the Fed had stepped in to add temporary liquidity through an overnight system repurchase arrangement with the funds at 11¹⁄₁₆. This was the seventh consecutive trading session in which liquidity has been added. Later in the day the funds rate was quoted at 10⅞ per cent.

Analysts remained divided over how to interpret the recent rash of Fed repurchases. Theories have included an easing in credit stance, though many analysts believe they are the result of technical adjustments.

Another view advanced yesterday was that market expectations were fuelling the gyrations, and that the Fed itself had taken no substantive action.

Meanwhile, analysts were also studying the implications of the statement late on Friday by Mr Donald Regan, the Treasury Secretary, that U.S. Government-backed securities cannot in future be repackaged by Wall Street brokers and sold to foreigners in bearer form ensuring the holders' anonymity.

In the credit markets, prices of Treasury coupon issues firmed in the wake of the Fed's overnight system repurchase arrangement. At the long end, the key long bond, the 12⅝ per cent of 2014, which was down ½ early in the session, later added ²³⁄₃₂ to 101³⁄₃₂.

At the short end, the yield on three-month Treasury bills dipped 14 basis points to 10.39 per cent while six-month bills yielding 10.53 per cent were 13 basis points lower ahead of the results of the Treasury's regular weekly auction of bills.

In the event, the three-month bill produced a yield of 10.39 per cent while that on the six-month bill was 10.49 per cent, down from the 10.63 per cent and 10.75 per cent respectively seen last week. Money market yields were lower.

In the stock markets, General Motors shed $⅝ to $72 as the group continued discussions on a new contract with the United Auto Workers. The company has been targeted for a strike from Friday by the union, and some analysts say that such action could cool the economy sufficiently to reduce the pressure for higher interest rates.

Among active issues, Revlon traded unchanged at $38⅜, ex-dividend, while Alcan Aluminium at $26 was $⅞ lower. American Express was $⅝ easier at $31⅝.

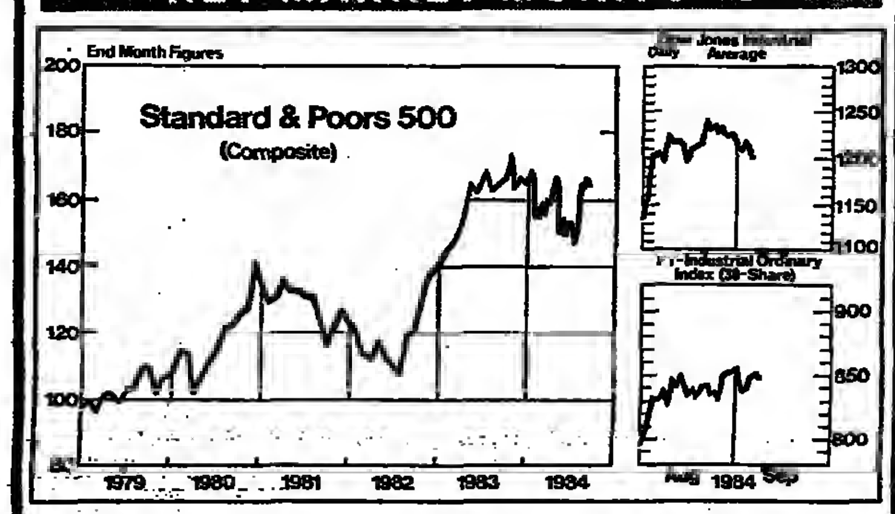
Merck in chemicals shed $½ as proposals were agreed with the unions for a new contract.

U.S. Steel traded unchanged at $24⅝ as its chairman announced that the group plans to sell an additional $1.5bn of assets by 1986.

In the oil and gas sector, Tennesco eased $⅛ to $38⅛ as it announced that its Packaging Corporation of America division had acquired Exco Products from American Home Products.

On the American Stock Exchange, active issues included Astrotech International, up $⅛ to $3⅝, Wang Laboratories which shed $⅛ to $26⅝, and Gulf Canada which was $⅛ easier at $14.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Sept 10	Previous	Year ago
DJ Industrials	1,202.52	1,207.38	1,239.74
DJ Transport	507.30	507.41	569.66
DJ Utilities	128.54	129.1	131.17
S&P Composite	164.26	164.37	166.92
LONDON	Sept 10	Previous	Year ago
FT Ind Ord	847.4	851.7	707.9
FT-SE 100	1,081.6	1,088.3	964.3
FT-A All-share	516.22	518.58	451.86
FT-A 500	561.21	564.01	588.65
FT Gold mines	515.2	533.2	694.5
FT-A Long gilt	10.6	10.61	10.69
TOKYO			
Nikkei-Dow	10,471.53	10,500.7	9,340.01
Tokyo SE	804.58	807.35	684.6
AUSTRALIA	Sept 10		
All Ord.	712.5	725.0	730.3
Metals & Mins.	425.9	440.2	608.2
AUSTRIA			
Credit Aktien	53.51	53.48	55.27
BELGIUM			
Belgian SE	160.59	159.3	133.28
CANADA	Sept 10	Prev.	Yr ago
Toronto			
Metals & Minls	1,917.61	1,947.7	—
Composite	2,343.98	2,356.0	2,577.0
Montreal			
Portfolio	115.00	115.60	126.55
DENMARK	Sept 10	Previous	Year ago
Copenhagen SE	176.23	179.27	198.83
FRANCE			
CAC Gen	173.7	175.3	134.7
Ind. Tendance	112.7	114.0	85.61
WEST GERMANY			
FAZ-Aktien	342.11	342.64	311.48
Commerzbank	994.4	994.9	924.8
HONG KONG			
Hang Seng	946.06	940.55	922.75
ITALY			
Banca Comm.	212.31	213.25	198.95
NETHERLANDS			
ANP-CBS Gen	164.0	166.0	139.3
ANP-CBS Ind	129.5	130.7	112.0
NORWAY			
Oslo SE	261.45	261.02	208.45
SINGAPORE			
Straits Times	902.87	912.49	967.25
SOUTH AFRICA			
Golds	924.3	947.9	967.9
Industrials	903.8	905.2	945.0
SPAIN			
Madrid SE	144.72	142.93	114.29
SWEDEN			
J & P	n/a	1,471.61	1,491.18
SWITZERLAND			
Swiss Bank Ind	closed	377.5	337.3
WORLD	Sept 7	Prev	Year ago
Capital Int'l	181.1	181.9	180.6

GOLD (per ounce)

	Sept. 10	Prev
London	$338.75	$336.00
Frankfurt	$338.50	n/a
Zürich	$337.25	$340.00
Paris (fixing)	$337.67	$337.85
Luxembourg (fixing)	$336.70	$340.75
New York (Sept)	$338.40	$335.50

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Sept 10	U.S. DOLLAR Previous	STERLING Sept 10	STERLING Previous
$	–	–	1.277	1.2735
DM	2.989	2.984	3.82	3.807
Yen	245.6	245.5	313.75	313.5
FFr	9.175	9.1575	11.72	11.67
SwFr	2.481	2.4845	3.18	3.1625
Guilder	3.3755	3.3625	4.3075	4.275
Lira	1840.5	1835.0	2351.0	2334
BFr	60.305	60.025	77.0	76.125
C$	1.31225	1.31375	1.6755	1.6775

INTEREST RATES

	Sept 10	Prev
Euro-currencies (3-month offered rate)		
£	10¹³⁄₁₆	10¹³⁄₁₆
SwFr	4¹³⁄₁₆	4¹³⁄₃₂
DM	5⁹⁄₁₆	5⁹⁄₁₆
FFr	11⅜	11½
FT London Interbank fixing (offered rate)		
3-month U.S.$	12	12¹⁄₁₆
6-month U.S.$	12¼	12⁵⁄₁₆
U.S. Fed Funds	11⅛	11³⁄₁₆
U.S. 3-month CDs	11.50	11.60
U.S. 3-month T-bills	10.40	10.63

U.S BONDS

Treasury		Sept 10 Price	Sept 10 Yield	Prev Price	Prev Yield
12⅝	1986	100⅞	12.24	99²⁹⁄₃₂	12.42
13⅞	1991	104⁴⁄₃₂	13.11	104⁹⁄₁₆	12.78
12⅜	1994	99⅛	13.17	99²⁶⁄₃₂	12.69
12½	2014	100³⁄₃₂	12.63	100¹⁹⁄₃₂	12.42
Corporate		Sept 10* Price	Yield	Prev Price	Yield
AT & T					
10⅜	June 1990	88⅞	13.20	88⅞	13.20
3⅞	July 1990	70⅞	10.90	70⅞	10.90
8¾	May 2000	71⅞	13.00	71⅞	13.00
Xerox					
10⅞	March 1993	88½	13.35	86½	13.35
Diamond Shamrock					
10⅜	May 1993	85⅞	13.45	85⅞	13.45
Federated Dept Stores					
10⅜	May 2013	81⅛	13.15	81⅛	13.15
Abbot Lab					
11.80	Feb 2013	89⅝	13.20	89⅝	13.20
Alcoa					
12⅛	Dec 2012	90⅛	13.60	90⅛	13.60

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	67–04	67–05	66–04	66–20
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.87	89.90	89.68	89.71
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.62	88.63	88.46	88.52
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.27	88.28	88.25	88.35
20-year Notional Gilt £50,000 32nds of 100%				
Sept	105–08	105–20	105–04	105–04

COMMODITIES

(London)	Sept. 10	Prev
Silver (spot fixing)	561.20p	559.90p
Copper (cash)	£1,024.25	£1,031.50
Coffee (Sept)	£2,447.50	£2,468.50
Oil (spot Arabian light)	$27.50	$27.45

LONDON

Gilts buoyed by hopes of mine accord

FRESH support emerged for London gilts yesterday as investors appeared to find encouraging signs of a breakthrough in the miners' strike.

Funds managers sought short and longer-dated gilts as sterling edged away from its lowest level against the dollar. Selected shorts closed ⅜ up, while longs gained ⅝ for a two-day advance of 1⅝ in places.

The enthusiasm for government stock overflowed into equities with speculative interest in foods adding 11p to Lennons, the supermarket chain, at 57p.

Burmah Oil and Shell Transport were 8p cheaper at 188p and 635p respectively, while Tate & Lyle eased 5p to 373p.

Most leading shares drifted easier and, apart from the gilt stimulus, were forced lower by the early Wall Street downturn. The FT Industrial Ordinary index, off less than 2 points by 3pm, closed 4.3 lower at 847.4.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38–39

AUSTRALIA

MINING shares – both gold and base metal – took the brunt of Sydney weakness as the All Ordinaries index fell 12.5 to 712.45.

Market leader BHP fell 30 cents to A$10, while CRA was 22 cents down at A$4.70. MIM was 15 cents off at A$2.65, and Western Mining 11 cents easier at A$2.99 amid sharply higher profits for the year.

Banks were hard hit in anticipation of a government announcement calling for licence applications from foreign banks. Westpac finished 11 cents down at A$3.82, and ANZ 10 cents off at A$4.88 while National Commercial was 5 cents lower at A$3.25.

Bell Group was 20 cents off at A$4.20 ahead of sharply higher profits.

HONG KONG

BOOK-SQUARING ahead of today's holiday in Hong Kong edged prices higher, with the Hang Seng index 5.51 up at 946.06 after being ahead by over 10 points in the morning.

Cheung Kong was one of the best performers with a 20-cent rise to HK$7.80, while China Light at HK$12.50 recorded a 10-cent advance.

Bank of East Asia was unchanged at HK$20 as local interest rates held steady, while weaker stocks included Jardine Matheson, 5 cents off at HK$8.45, and Hongkong Land, 2 cents down at HK$2.95.

SOUTH AFRICA

UNEASE over the strength of the dollar and the fall in the bullion price hit Johannesburg gold shares as concern over rising local interest rates continued.

Buffels suffered a R4 fall to R73, while Free State Geduld was R1.25 weaker at R49.25 and Driefontein dropped 75 cents to R47.

Industrial leader Barlow Rand was 10 cents off at R10.70, while Unisec was steady at R4.95 ahead of its profits statements.

SINGAPORE

IMMINENT higher interest rates drove many Singapore investors to the sidelines and forced the Straits Times index 9.62 down to 902.67.

Pan Electric was again a feature, though, with a 13-cent rise to S$3. Most other shares were lucky to finish unchanged while losses of 10 cents were registered by Fraser & Neave at S$5.65, Sealion at S$5.50 and UOB at S$4.50.

CANADA

PRONOUNCED weakness in base metal and mining stocks combined with a volatile oil and gas sector to turn Toronto sharply lower. Relatively good performances in golds failed to offset the decline.

Oil and gas in Montreal were weakest, followed by easier banks.

TOKYO

Uncertainty results in retreat

AN UNCERTAIN market climate prompted Tokyo investors to retreat to the sidelines, and share prices closed lower yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average lost 29.17 to 10,471.53. Trading was very thin at 218.27m shares compared with 245.35m last Friday. Losses outnumbered gains 391 to 280, with 211 issued unchanged.

Investors were discouraged by the drop on Wall Street at the end of last week and the yen's continued slide against the dollar. Most major financial institutions and securities companies, which close books at the end of September, stayed away from the market.

In featureless trading, biotechnology-related stocks were active in the morning, but buying interest shifted to small-capital cash-traded issues in the afternoon.

Taiyo Fisbery jumped Y13 to Y233 on rumours of a launch into biotechnology. The issue was the day's most active with 16.76m shares changing hands.

Kuraray, a popular biotechnology issue, touched Y1,000 for the first time at one point but later dropped under profit-taking pressure to close at Y950, down Y30. Kuraray was the second most active with 13.34m shares traded. Teijin added Y5 to Y400, and Yamanouchi Pharmaceutical Y40 to Y1,480.

In the afternoon session, Tokyo Tanabe scored a daily limit gain of Y100 to Y810, bolstered by rumours that it would supply manufacturing technology for a paediatric drug to a U.S. company.

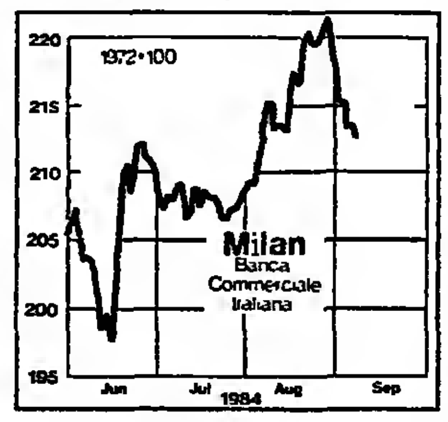
Copal leaped Y50 to Y989 on speculative buying. Pacific Metals rose Y24 to Y512 on the strength of brisk semiconductor demand. Shoko gained Y38 to Y765, and Sansui Electric Y74 to Y800.

Many blue chips declined on small-lot selling. Sony fell Y90 to Y3,460, TDK Y20 to Y5,260, Matsushita Electric Industrial Y30 to Y1,590, Toyota Motor Y30 to Y1,360 and Hitachi Y8 to Y832.

Foreign selling through the four major brokerage houses totalled 16.5 shares in the morning, surpassing buying of 12.5m. But trading lots were small, said a major securities company official.

Tokyo Electric Power declined Y30 to Y1,180 on small-lot selling triggered by the weaker yen. Mitsubishi Heavy Industries dipped Y2 to Y230.

Bond prices reflected the yen's softness. The yield on the benchmark 7.5 per cent government bond, maturing in January 1993, edged up to 7.195 per cent from Friday's 7.180 per cent.



EUROPE

Bias weaker as business stays slow

ANOTHER day of scorching initial gains for the dollar left European bourses somewhat dazed yesterday, and a weaker bias emerged in generally slow business.

Activity was busiest in **Paris**, where profit-takers moved in. This came after a good run-up last week on prime ministerial assurances that austerity measures would be maintained. The Indicateur de Tendence shed 1.3 to 112.7.

Declines of FFr 85 apiece were registered by BSN Gervais at FFr 2,630 and Roussel-Uclaf on FFr 1,430. Peugeot fell FFr 7.80 to FFr 213.20 amid the loss by its Talbot UK unit, while Michelin lost FFr 22 to FFr 835.

Among the few to resist were Matra, FFr 18 ahead at FFr 1,617, and Poclain, 50 centimes firmer at FFr 54.

With the dollar testing DM 3, **Frankfurt** edged cautiously lower. Setbacks were noted particularly among the car makers and attributed to their recent strike-affected sets of six-month results as well as to worries on how model price rises would be received.

Daimler Benz shed DM 7.50 to DM 525, Porsche DM 6 to DM 991 and BMW, which later announced a joint venture with General Electric to aid U.S. distribution, dipped DM 2 to DM 376.

Engineerings ond steels, repeating a pattern of recent weeks, held out against the trend. Linde added DM 2 to DM 362, and Thyssen DM 1.80 to DM 78.30.

A firmer domestic bond market, aided by promising pointers last week on inflation and output, enabled the Bundesbank to sell DM 52.4m in paper. Price gains ranged to 15 basis points.

Thin turnover exaggerated **Amsterdam** movements. Among the sharper of these were a Fl 6 fall for Heineken to Fl 134.50 on disappointment with Friday's results; a Fl 1.30 rally by Bos Kalis to Fl 18.80 following a two-day slide of Fl 4 on fears of payment difficulties; and a Fl 4 decline for recently volatile Nedlloyd.

Milan, hit last week by rate rises, was further affected by a liquidation of positions ahead of settlement day next week. The Banca Commerciale index moved 0.94 lower to 212.31, but some blue-chip losses extended well beyond that.

Fiat faced selling pressure ahead of its large-scale capital increase which also gets under way next week. Defence action held its final loss, though, to L61 ot L4,250. Bonds were mixed.

A well mointained **Brussels** featured Vieille Montagne, which gained BFr 125 to BFr 4,780 – for a three-day surge of BFr 400 or more than 9 per cent – as rumours persisted of a takeover by Hoboken, itself BFr 30 higher at BFr 5,980.

An absence of institutional support depressed **Stockholm**. Electrolux, the most active on a low-volume day, slipped SKr 4 to SKr 243.

Copenhagen brought Novo back to the DKr 4,000 mark with a DKr 40 rise, while Norsk Data was unchanged in Oslo at NKr 320 as it filed for 900,000 shares in ADR form in New York.

Madrid, drawing benefit from increased foreign awareness, moved higher. Gains were led by Telefonica, up 3.8 points to stand at a peak 99 per cent of Pta 500 nominal value.

Zurich was closed for a holiday.

Closing prices, September 10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23½	13⅝	AAR	.48	2.1	23	13	22⅞	22⅝	22⅝	-⅛
22	13½	AMCA	n	1.9	5	2	15¾	15¾	15½	+¼
18⅞	13⅛	AMF	.50	2.9	155	732	17¼	16⅞	17	-⅛
41¾	24⅝	AMR			4	4655	26⅝	25⅞	26¼	+½
20⅞	16	AMR	pf2.18	11		27	19⅝	19⅛	19⅛	+⅛
41½	27½	AMR	pf2.13	7.4		180	29⅛	28	28⅞	+⅞
25⅛	22⅞	ANR	pf2.67	11		5	23⅛	23¼	23⅛	
23	18½	ANR	pf2.12	11		5	19⅛	19⅛	19⅛	-⅛
16¼	8½	APL				3	10	10	10	
55⅞	40⅛	ARA	2.10	3.9	11	1006	54	52⅛	53⅛	+⅞
69⅛	44⅛	ASA	3a	5.9		455	52⅞	51⅛	51⅛	+½
30¾	18½	AVX	.32	1.3	15	50	23⅞	23⅞	23⅛	-⅛
53⅝	38¼	AbtLab	1.20	2.6	15	4097	46	44⅛	46	+1½
35⅛	23⅛	AccoWd	.88	2.0	19	9	33	32⅛	32	+⅛
27¼	12½	AcmeC	.40	2.5		52	16⅛	15¼	15⅞	-⅛
12⅞	8⅞	AcmeE	.32b	3.5	15	7	9⅛	8⅛	9⅛	-⅛
24⅞	11	AdmDg	.04	.2	9	122	15⅞	16½	16½	
18⅛	15	AdsEx	2.11e	13		62	16⅛	16⅛	16⅛	
18⅞	11⅞	AdmMl	.28	2.0	9	49	14⅞	14⅛	14⅛	-⅞
22	13½	AdvSys	.611	4.7	16	39	17⅛	17⅛	17⅛	-⅛
41⅞	25⅛	AMD			22	6906	38⅛	36⅞	38	-⅛
16⅛	7⅞	Advest	.12	1.2		69	10	9⅞	10	
20	9⅞	Aerflex			12	427	12⅛	12	12⅛	
[illegible]										

Kidder, Peabody Securities Limited

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Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, September 10

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
5⅛	3⅞	ADI	n		15	64	5	4⅞	5	
3⅜	1⅛	AICPh				15	1⅞	1¼	1⅞	
15⅞	8⅞	ALLab	n		10	49	10	9½	9½	-⅛
13½	12⅛	AMC	n .12e	.9	12	38	13⅞	13⅛	13⅞	+⅛
6⅞	2⅞	vjAMIn				69	3¼	3⅛	3⅛	-⅝
3⅝	⅛	ATI				80	1⅛	1	1⅛	+⅛
68½	58	ATTFd	n4.14e	6.2		z95	66½	66	66½	+⅛
7⅞	2⅞	AcmePr				21	3⅞	3½	3⅞	
16⅞	10½	AcmeU	.32	2.8	11	49	11¼	11	11⅛	+⅛
16⅞	8⅝	Action			32	124	14⅝	14	14	-⅝
9¼	5⅞	Acton				117	6⅞	6⅞	6⅞	+⅛
5¼	2¼	AdmRs			4	33	3⅛	3	3	
27	15⅞	AdRusl	s.16	.5	18	18	21¼	21¼	21¼	-½
24½	15	Adobe	.24	1.3	13	27	18⅞	18½	18½	-⅛
6¼	3⅛	Aegis			16	21	4⅞	4¾	4⅞	+⅛
7¼	4	Aeronc			6	90	6½	6¼	6⅞	
50¼	38⅞	AffPub	.80	1.6	18	16	50	49⅞	49⅞	-⅛
14⅞	9⅞	AirSir	.12e	.8	11	1	14⅞	14⅞	14⅞	
9⅞	6	AirExp			32	98	8⅞	8¼	8¼	-¼
5⅞	3⅞	Alamco			2	339	3⅞	3½	3⅝	-¼
10⅞	8⅞	AlbaW	.20e	2.3	6	2	8⅞	8⅞	8⅞	-⅛
9¼	5⅞	Aloha	.49r	6.7	2	15	7⅞	7	7¼	
22⅞	12¼	Alphain	.05	.3	21	25	18¼	17½	17½	-⅛
2⅞	⅛	Altex				28	⅞	⅞	⅞	
34¼	28⅝	Alcoa	pf3.75	12.		z2100	30½	30¼	30½	-2
23	11	AlzaCp			60	282	18½	17⅞	18⅛	-⅛
20⅞	8½	Amdahl	.20	1.6	14	418	12⅞	11⅞	12⅛	
20	7⅞	Amedco	.08	.9	11	z27	9¼	8⅞	8⅞	-⅛
9⅞	2¼	AmCap				13	5⅞	5½	5⅞	
38	30	ACoren	.92	2.5	10	3	36⅞	36⅞	36⅞	+¼
30¼	12¼	AExp	wt			171	19⅞	18⅞	19¼	+⅛
12⅛	10⅛	AHlth	n			103	10⅞	10⅛	10¼	
8⅞	4	Aisrael			1	4	5¼	5⅛	5¼	+⅛
19⅞	14¼	AMzeA	.52	2.8	6	32	19¼	19¼	19¼	+⅛
8¼	½	AMBld	v			210	⅞	⅛	⅞	
21¾	12½	AMotl	s.16	.8	13	21	21	20⅞	20⅞	-⅛
11⅞	5⅛	AmOil			24	42	6⅛	6⅛	6⅛	-⅛
64⅛	53	APetl	3.20	5.3	9	8	60	60	60	

[illegible]

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

[illegible]

Continued on Page 36

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Sept. 10	Price Sch.	+ or −
Creditanstalt	207	−2
Goesser	324	+3
Interunfall	400	......
Laenderbank	209	+1
Perlmooser	346	+1
Steyr-Daimler	241	......
Veitscher Mag.	222	+3

BELGIUM/LUXEMBOURG

Sept. 10	Price Frs.	+ or −
ARBED	1,685	+10
Banq Int A Lux	5,350	......
Bekaert B	4,630	+30
Ciment CBR	9,700	−60
Cockerill	282	+3
Delhaize	3,700	+10
EBES	9,810	+10
Electrabel	7,900	+80
Fabrique Nat	2,030	−5
GB Inno BM	3,390	−23
GBL (Brux)	2,390	−3
Gevaert	3,580	+20
Hoboken	5,260	+30
Intercom	2,150	+20
Kredietbank	7,200	−50
Pan Hldgs	9,800	+100
Petrofina	7,430	+80
Royale Belge	9,430	−70
Soc. Gen. Banq	3,190	+35
Soc. Gen. Belge	1,940	+5
Sofina	7,000	......
Solvay	4,353	−25
Traction Elect.	4,175	+20
UCB	5,390	−10
Vieille Mont.	4,780	+125

DENMARK

Sept. 10	Price Kr. %	+ or −
[illegible]		

FRANCE

Sept. 10	Price Frs.	+ or −
[illegible]		

GERMANY

Sept. 10	Price Dm.	+ or −
AEG-Telef	96.4	+0.9
Allianz Vers	907	+1
BASF	164.5	+0.1
Bayer	168	−0.4
Bayer-Hypo	270	−3
Bayer-Verein	306	−1
BHF-Bank	240.3	−2.2
BMW	376	−2
Brown Boveri	198	−0.7
Commerzbank	150.7	−0.3
Cont'l. Gummi	117.4	−0.4
Daimler-Benz	525	−7.5
Degussa	350.8	−1.2
D'sche Babcock	161	+3
Deutsche Bank	326.7xr	−2.8
Dresdner Bank	132.7	−3.3
GHH	141.5	+3
Hochtief	490	−6
Hoechst	170	−0.7
Hoesch Werke	100	+1.7
Holzmann (P)	369	−6
Horten	167.2	−1.3
Kali und Salz	234	......
Karstadt	254	−3
Kaufhof	217	......
KHD	259.8	+4.8
Kloeckner	60	−0.5
Krupp	79.3	+2
Linde	362	+2
Lufthansa	137	−2
MAN	144	+1
Mannesmann	147.7	+0.9
Mercedes Hld.	465	−8
Metallgesell	202.5	......
Muenchen Rueck	1100	+1
Preussag	246	−2.3
Rhein West Elect.	153	−1
Rosenthal	230	+0.5
Schering	363.5	−1.3
Siemens	402.5	−0.4
Thyssen	78.3	+1.2
Varta	172	−4.5
Veba	163	−0.3
V.E.W.	113.8	−0.4
Verein-West.	991	......
Volkswagen	171	−1.6

ITALY

Sept. 10	Price Lira	+ or −
Banca Com'le	16,896	−85
Bastogi-IRBS	144	......
Centrale	1,980	−10
Credito Varesino	3,940	−60
Fiat	4,950	−61
Finsider	39	......
Generali Assicur	33,200	−200
Invest	2,780	+30
Italcementi	49,320	−330
Montedison	1,170	−10
Olivetti	6,768	+7
[illegible]		

NETHERLANDS

Sept. 10	Price Fls.	+ or −
[illegible]		

NORWAY

Sept. 10	Price Kroner	+ or −
Bergens Bank	141	−1
Borregaard	295	+10
Christiania Bank	148.0	+1
DenNorske Cred	149	+1
Elkem	129.5	+3.5
Norsk Data	320	......
Norsk Hydro	643.0	+6
Storebrand	192.0	+1

SPAIN

Sept. 10	Price Pta %	+ or −
Bco Bilbao	343	......
Bco Central	360	......
Bco Exterior	206	......
Bco Hispano	246	+2
Bco Santander	323	+1
Bco Vizcaya	407	+9
Dragados	177.0	+4.5
Hidrola	71.7	+2.0
Iberduero	72.0	......
Petroleos	169.3	+0.5
Telefonica	89.0	+3.8

SWEDEN

Sept. 10	Price Kronor	+ or −
AGA	335	......
Alfa-Laval	314	−1
ASEA (Free)	385	+3
Astra (Free)	470	−5
Atlas Copco	108	−3
Boliden (Free)	370	......
Cerda (Free)	305	......
Cellulosa	126	......
Electrolux B	243	−4
Ericsson	335	......
Esselte	300	......
Mo Och Domsjo	300	......
Pharmacia	911	......
Saab Scania Free	550	......
Sandvik	412	......
Skandia	343	......
Skan Enskilda	36.5	......
SKF	163	−2
St Kopparberge	700	......
Svan Handlesbn.	174	......
Swedish Match	225	−3
Volvo B (Free)	233	+1

SWITZERLAND

Sept. 7	Price Frs.	+ or −
Alusuisse	760	−5
Bank Leu	3,600	+23
Brown Boveri	1,330	+20
[illegible]		

AUSTRALIA

Sept. 10	Price Aust. $	+ or −
[illegible]		

AUSTRALIA (continued)

Sept. 10	Price Aust. $	+ or −
Gen Prop Trust	2.18	−0.01
Hardie (James)	3.2	−0.1
Hartogen Energy	2.2	−0.15
Herald W'yTimes	3.70	......
ICI Aust.	2.05	−0.03
Jimberlana F.P.	0.27	......
Kia Ora Gold	0.13	......
Lend Lease	5.96	......
MIM	2.65	−0.15
Mayne Nickless	2.85	......
Meekatharra	0.70	......
Myer Emporium	1.9	+0.02
Nat. Com. Bk	3.23	−0.05
News	9.8	−0.2
Nicholas Kiwi	4.1	−0.1
North Bkn Hill	2.12	−0.01
Oakbridge	0.8	−0.05
Otter Expl.	0.45	......
Pancont'l	1.2	......
Pioneer Conc.	1.56	......
Queensland Coal	1.14	−0.05
Reckitt & Coln.	2.8	......
Repco	1.17	−0.01
Santos	6.8	−0.18
Smith (Howard)	3.88	−0.07
Southland Min'g.	0.28	......
Spargos Expl.	0.43	−0.03
Thos. Natwide	1.96	+0.06
Tooth	3.50	......
Vamgas	3.8	−0.95
Western Mining	2.99	−0.11
Westpac Bank	3.62	−0.11
Woodside Petrol.	1.22	−0.05
Woolworths	2.41	−0.14
Wormald Intl.	9.87	+0.01

HONG KONG

Sept. 10	Price H.K. $	+ or −
Bank East Asia	20	......
Cheung Kong	7.8	−0.2
China Light	12.5	+0.1
Hang Lung Devel	2.37	......
Hang Seng Bank	63.25	......
HK Electric	6.85	+0.02
HK Kowloon Wh.	3.72	+0.05
HK Land	2.95	−0.02
HK Shanghai Bk	6.3	−0.1
HK Telephone	44	......
Hutchison Wpa.	11.5	+0.2
Jardine Math.	8.45	−0.05
New World Dev.	3.27	+0.1
Orient O'seas	2.57	......
O'seas Trust Bk.	3.05	+0.13
SHK Props.	6.3	......
Swire Pac A	16.9	......
Wheel'k Mard A.	3.77	+0.12
Wheel'k M'time.	1.9	......
World Int. Hldgs.	2.2	+0.05

JAPAN

Sept. 10	Price Yen	+ or −
[illegible]		

JAPAN (continued)

Sept. 10	Price Yen	+ or −
[illegible]		

SINGAPORE

Sept. 10	Price $	+ or −
[illegible]		

SOUTH AFRICA

Sept. 10	Price Rand	+ or −
[illegible]		

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible] Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES		
Tr. 9½pc CNv.	£92¾	+£½
Ex. 12%	£107¼	+⅝
Blue Bird	87	+7
Brammer	253	+8
Desoutter Bros	131	+8
Hillards	250	+12
Home Co. News	160	+25
Lennons	57	+11
L. Howard-Spink	200	+15
Microgen	580	+45
Pentland Inds.	185	+12
Pineapple Dance	81	+6
Stylo	115	+23
Willis Faber	917	+10
McLeod Russel	280	+16
FALLS		
Barratt Dev.	80	−6
Booker McC.	176	−7
Espley Trust	25	−6
Tate & Lyle	373	−5
Weeks Assoc.	12	−4
Burmah Oil	186	−6
Santos	436	−22
Shell Trans.	635	−6
CRA	306	−14
Deelkraal	230	−15
GM Kalgoorlie	415	−20
MIM Hldgs.	173	−9
Vaal Reefs	£73¼	−2¼
Whim Creek	154	−8

Continued on Page 44

CANADA

TORONTO

Closing prices September 10

[illegible]

MONTREAL

Closing prices September 10

[illegible]

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

TORONTO

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

[illegible]

NEW YORK

Continued from Page 35

[illegible]

MARKET REPORT

Government stocks advance but equity leaders ease on Wall Street influences

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 3	Sept 13	Sept 14	Sept 24
Sept 17	Sept 27	Sept 28	Oct 8
Oct 1	Oct 11	Oct 12	Oct 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

Fresh support of Government securities seemed to indicate yesterday that investors were hoping for a break-through in the miners' dispute and a consequent improvement in the overall UK labour situation. Encouraged by yield considerations, some fund managers elected to purchase short and longer-dated gilts as sterling edged away from its lowest level against the dollar and London Gilt futures contracts furthered Friday's advance.

Sellers of all fixed-interest stocks were again absent, despite a downward trend in U.S. bond prices, and the demand impinged on a market short of stock. Subdued recently on worries about higher American interest rates, short-dated Gilts enjoyed an expansion in turnover. Selected trading issues closed $\frac{1}{8}$ up on the session and, although trade in the longs was more sporadic, quotations still gained ½ for two-day advances of 1½ in places.

Industrial shares began the final leg of the current trading Account on a cautious note. Wall Street's late reversal on Friday inhibited genuine investment activity and it was left to situation issues or companies recommended in the weekend Press columns to provide the features. Speculative enthusiasm in the Food sector was further whetted by Dee Corporation's agreed share-exchange offer for Lennons, the supermarket chain.

Most leading shares drifted easier throughout the morning but the trend was reversed following the later rise in Gilt-edged. Announcement of last month's Wholesale Price Indices and Retail Sales figures made little impact on sentiment but Wall Street's fresh setback in early trading yesterday influenced London values and the FT Industrial Ordinary share index, down less than two points at 3.00 pm, closed a net 4.3 lower at 847.4.

Willis Faber rise

Insurances passed a relatively quiet trading session. Awaiting today's interim results, Willis Faber moved up 10 to 917p. Domestic market influences continued to bolster Allianz Versicherung, a further 3½ points better at £23½, but sporadic offerings brought falls of 4 and 6 respectively in Commercial Union, 183p, and General Accident, 440p. Sun Life gave up 9 at 663p and Prudential relinquished 7 at 503p; the latter's interim figures are due on Thursday.

Trade in the banking sector was extremely slow and few worthwhile movements emerged. Hill Samuel added 4 to 312p on confirmation of the acquisition of a near-30 per cent stake in Edinburgh-based stockbrokers, Wood Mackenzie. Mercury Securities, however, gave up 5 more at 445p; the shares have been an unsettled market since announcement of the four-way merger involving stockjobbers, Akroyd and Smithers and stockbroking concerns, Rowe and Pitman and Mullens.

A slightly easier trend developed in the Building sector. Leading issues to slip around 3 included Redland, 267p, Blue Circle, 407p, and RMC, 372p. Barratt Developments, reflecting cautious comment ahead of the preliminary figures due shortly, met with nervous offerings and gave up 6 to 80p. Costain, in contrast, hardened a couple of pence to 302p awaiting tomorrow's interim statement.

Among Chemicals, ICI traded quietly before settling 4 cheaper at 620p, but Hickson International improved 5 to 367p; the latter's interim results are due on Thursday.

Stylo buoyant

Stylo Shoes, the subject of an abortive takeover attempt by Harris Queensway earlier this year, attracted a fresh spate of speculative demand and advanced 23 to 115p; talk of an undisclosed party currently building a stake fuelled the rise, although market sources doubted that HQ, down 4 at 170p, had resumed its overtures. Other Footwear counters also responded to occasional support with Strong and Fisher, 148p, and Lambert Howarth, 173p, up 5 and 3 respectively.

Leading Stores passed a drab session—the fractional recovery in retail sales as shown by the provisional estimate for August—having no apparent impact on sentiment. Modest losses were recorded by Woolworth, 527p, Burton, 274p, and Debenhams, 177p. Secondary Stores also lacked impetus. Lincroft Kilgour, currently the subject of an unwelcome and extended offer from John Finlan, advanced 10 to 122p, while Our Price hardened 3 to 253p, after 258p following the preliminary figures. Recent speculative favourites to lose ground included J. Hepworth, 4 off at 292p, and NSS Newsagents, a similar amount cheaper at 116p.

Blue chip Electricals were rarely altered after another extremely slow trading session. BICC edged up 3 to 213p, after last week's depression on the interim figures and cautious statement on outlook. Demand in a restricted market left Microgen 45 higher at 580p, after 610p, while Fidelity hardened 3 to 135p on hopes of a counter-offer from Amstrad. Crystalate, particularly good last week in anticipation of news of the possible sale of its fine china interests, encountered scattered profit-taking and ran back 5 to 273p.

Although interest was at a low ebb, Engineerings provided several noteworthy movements. Desoutter advanced to 133p in response to good half-year figures before settling a few pence below the best at 131p, up 8 on balance. Delta, awaiting Thursday's interim statement, improved 2 to 94p. In contrast, comment on the first-half figures brought a reaction of 2 to 15p in Blackwood Hodge. Weeks Associates, reflecting news that its subsidiary, Weeks Trailers has been placed in receivership, fell 4 to 12p.

Takeover speculation continued to highlight secondary Foods. Supermarket concern Lennons stole the limelight, rising 11 to a new high for the year of 57p following a surprise agreed share-exchange bid from Dee Corporation, 2 down at 566p. Booker McConnell, which had an offer from Dee referred to the Monopolies Commission in June, lost 7 to 176p in sympathy. Hillards jumped 12 to 250p and Blue Bird Confectionery 7 to 87p, while Nurdin and Peacock rose 6 to 138p and Meadow Farm Products 10 to 208p. Cullens put on 10 to 365p. Still reflecting bid hopes, Single hardened 1½ to 71½p, while Needlers firmed 4 to 95p on an investment recommendation. The leaders became quieter with Rowntree Mackintosh losing 8 to 330p after profit-taking; the interim results are scheduled for September 20. Tate and Lyle declined 5 to 373p and Associated Dairies 4 to 170p. Brooke Bond, currently in receipt of unwelcomed bids from both Tate and Unilever, cheapened a penny to 115p.

Pentland up again

Leading miscellaneous Industrials drifted lower in the absence of support. Falls were limited to a few pence or so, but Bowater Industries, up 2 at 177p, maintained a firm stance awaiting Thursday's interim statement. Elsewhere, Pentland met with further persistent demand in a restricted market and touched 190p before settling 12 to the good at 185p; the latest advance gave rise to vague takeover talk. Press comment prompted interest in Brammer, up 8 at 253p, but profit-taking in the wake of last Friday's interim results left Pearson 10 lower at 568p. Sandhurst Marketing met with occasional support and put on 4 to 76p along with F. H. Tomkins, a similar amount dearer at 86p. Low and Bonar touched 216p on the good interim results before profit-taking brought a reaction to 208p, down 2 on balance.

Leisure concerns were featured by a gain of 6 to 81p in Pineapple Dance Studio. HTV N/V gained a similar amount to 276p, while Medminster improved 3 to 88p.

Home Counties Newspapers highlighted Publishers, spurting 25 to 160p in response to a newsletter investment recommendation; HCN is currently in receipt of an offer from Dee referred to the Monopolies Commission in June... Elsewhere, buying returned for DRG which advanced 6 to 136p; the interim results are scheduled for September 26. Advertising agencies fared well under the lead of Lowe Howard-Spink Campbell-Ewald which is due to reveal first-half figures today and rose 15 to 200p, after 203p, following weekend Press comment. Wight Collins Rutherford Scott hardened a few pence to 228p xa, while Fitch, the USM-quoted design consultants, improved a similar amount to 275p after announcing increased mid-term profits and the foreshadowed application for a full Stock Exchange listing. Richard Clay, also reporting half-time figures, touched 104p before settling a net 3 up at 101p.

Espley Trust took a distinct turn for the worse among Properties, falling 6 to 25p in anticipation of further chaos at Boardroom level following Mr R. Aitken's reinstatement last week as company chairman. The leaders drifted gently lower with MEPC down 5 at 320p and Land Securities 3 easier at 292p. Daejan, on the other hand, gained 4 afresh to 298p, after 300p, on further consideration of recent comment.

In otherwise becalmed Shippings, P & O Deferred reacted afresh on second-half profits warning and in a lively trade shed 7 to 305p.

Burmah easier

A Press suggestion that the Government is considering abolishing road fund licensing in favour of additional taxation on petroleum products caused a general mark-down of leading Oils and a subsequent minor flurry of selling pressure. This quickly dried up, however, and the absence of any further offerings saw most issues stage a sustained, although modest rally to close with minor changes on balance. Talk of probable increases in forecourt petrol prices, reflecting the recent weakness in sterling against the dollar, encouraged the recovery trend.

Burmah Oil, however, largely ignored the rally, and closed a net 8 cheaper at 188p ahead of Thursday's interim figures. Shell were a like amount down at 635p, also in front of the half-year results scheduled for Thursday. BP initially declined to 493p prior to closing unaltered at 498p, while Britoil were finally unchanged at 238p, after 233p. LASMO rallied from 323p to close at 328p, unchanged on the day, helped by the gas/condensate find in North Sea Block 22/19. Anvil Petroleum, which has a 3.875 per cent interest in the discovery, eased a couple of pence to 73p.

The Indian Government's moves to restrict tea exports for the remainder of the year stimulated further advances in the commodity price at yesterday's London auction. Quality grade teas rose by some 30p per kilo and share prices consequently responded with McLeod Russel, 280p, and REA, 283p, advancing 16 apiece. Plantation and General gained 6 to 260p.

Golds lose ground

Mining markets — in particular the South African gold shares — began the week on a depressed note.

The marked weakness of bullion in the U.S. on Friday night ensured a sharp mark-down in golds on Wall Street and ensured a sharp mark-down at the outset here. The threatened strike by black mineworkers at a number of South African gold mines scheduled for next Monday continued to prompt nervous selling as well, leaving most issues at or around the day's lowest.

The Gold Mines index showed an 18.0 fall at 515.2 — its lowest level for a month — but bullion closed a net $2.75 up at $338.75 an ounce.

The five companies directly affected by the proposed strike action were especially vulnerable with Vaal Reefs a notable casualty and finally almost £3 off at £73½. Southvaal dipped £1½ to £34½, Kloof and Western Holdings ½ apiece to £31½ and £29 respectively and Elandsrand 28 to 647p. Harmony fell ½ to £12½ ahead of the final dividend, expected on Friday.

UK-registered Financials were virtually unchanged with the exception of Rio-Tinto-Zinc which rose 8 to 578p ahead of the interim results, scheduled for September 19.

Australians resumed their recent downward trend, unsettled by the poor showing of U.S. markets on Friday and further losses in base-metal prices.

Among the leading diversified stocks CRA featured with a decline of 14 to 306p, while Peko-Wallsend lost 10 at 305p. MIM Holdings shed 9 to 173p and Western Mining 3 to 184p.

Golds were sold following a continuation of the recent run of poor figures from the leading producers. GMK, which last week announced a sharp contraction in profits and a halved dividend total, dropped 20 more to 415p. Central Norseman slipped 15 to 293p following disappointing results, while Poseidon eased 3 to 188p and Whim Creek fell 8 to a 1984 low of 154p.

Traded Options attracted 2,672 contracts comprising 1,857 calls and 815 puts. Bass came to life and recorded 107 calls and 261 puts, 108 of the latter struck in the December 330's. Bid speculation continued to direct operators to Imperial Group positions which attracted 193 calls and 101 puts.

FINANCIAL TIMES STOCK INDICES

	Sept. 10	Sept. 7	Sept. 6	Sept. 5	Sept. 4	Sept. 3	Year ago
Government Secs	78.63	79.49	79.01	78.89	79.43	79.84	80.82
Fixed Interest	82.82	82.75	82.55	88.58	82.65	86.95	83.08
Industrial Ord.	847.4	851.7	848.2	830.8	838.3	855.1	707.8
Gold Mines	515.2	533.2	531.9	527.3	540.5	561.4	694.5
Ord. Div. Yield	4.80	4.28	4.83	4.89	4.90	4.81	4.86
Earnings, Yld.% (full)	11.78	11.66	11.38	11.45	11.48	11.88	8.52
P/E Ratio (net) (*)	10.25	10.30	10.55	10.50	10.47	10.66	16.95
Total bargains (Est.)	16,440	18,820	18,358	19,832	18,714	10,344	18,184
Equity turnover £m.	—	216.94	211.77	190.54	188.78	188.35	190.32
Equity bargains	—	13,006	18,278	12,762	14,681	15,817	16,115
Shares traded (ml)	—	114.8	333.1	103.6	118.5	118.8	168.9

10 am 850.2. 11 am 848.6. Noon 848.4. 1 pm 848.9. 2 pm 849.5. 3 pm 840.8.

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.84.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1)	75.78 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	155.4 (28/11/47)	50.05 (3/1/75)
Ind. Ord.	922.8 (3/5)	765.3 (25/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 7	Sept. 6
Daily Gilt Edged Bargains	130.5	118.4
Equities Bargains	84.3	73.5
Equities Value	438.5	428.0
5-day Average Gilt Edged Bargains	122.8	118.5
Equities Bargains	86.2	85.5
Equities Value	384.2	404.7

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 10	Sept 21	Dec 6	Dec 17
Sept 24	Oct 5	Dec 20	Dec 31
Oct 8	Oct 19	Jan 3	Jan 14

For rate indications see end of Share Information Service.

Call options were arranged in Tuskar, BRG, Barratt Developments, Victoria Carpets, Bristol Oil and Minerals, Carless Capel, Kwik-Fit, Eglinton Oil and Gas, Aran Energy, Arthur Henriques, Thorn EMI, H. P. Bulmer, Johnson and Firth Brown, Bryson, Atlantic Resources, Pritchard Services, Imps, Jackson Exploration, Keep Trust, Sears, Vaux, Tootal and Bula. No puts or doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Barratt Developments	80	− 6
BP	498	—
Lennons	57	+11
Microgen	580	+45
P & O Deferred	305	− 7
Pentland Inds.	185	+12
Shell Transport	635	− 8
Single	71½	+ 1½
STC	256	− 8
Stylo	115	+23
Sutar	135	+ 1
Vaal Reefs	£73½	− 2¾

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Bulmer (H. P.)	23	190	+13
Thorn EMI	17	391	+15
Saxon Oil	14	375	+35
Bowater Inds.	13	175	—
Pentland Inds.	12	173	+31
BAT Inds.	11	216	+ 1
BTR	11	492	− 8
Brit. Aerospace	11	333	+10
BP	11	498	+ 6
G. Metropolitn.	11	300	+ 5
BICC	10	210	− 5
Chubb	10	262	+ 3
Midland Bank	10	315	− 3
Single Group	10	70	+ 2½

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Alphameric 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Blue Arrow	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Britannia Sec G 13p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Compcoft Hldgs. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Enterprise Oil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	EntertainProdSer 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Extract Wool 50p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.&G. Pacific InvWrts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Great Western Res.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hoggett Bowers 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Inv. AB Bofors 'A' SK50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jaguar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	PWS Intnl. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sarasota Tech'gy 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tinsley (Eliza) 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Young (H.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
100	F.P.	[illegible]	[illegible]	[illegible]	Amer. Brands 12½% Un. Ln. 2009	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Waterworks 11% Red. Deb. 2014	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cambridge Water 11% Red. Deb. 2014	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Edinburgh Inv. Tst. 11½% Deb. 2014	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Intl. Bk. for Recon. & Dev. 11½% Ln. 2003	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Marley 11% Deb. 2009	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Scottish Wol. 11% Red. Deb. 1994	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Trans Natal Coal 11%	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	York Waterworks 11% Red. Deb. 1994	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Applied Botanics Units	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ANZ A$1	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unitech 10p	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters (or fully-paid). ‖ Introduction. ✣ Unlisted Securities Market. § Placing price. † Units comprising 6 Ord. £1 nom 12 per cent Cnv.Uns.Ln. 95/2000.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (63)

AMERICANS (12)
Bankers NY, Bell Atlantic, Bell South, Campbell Soup, Colgate-Palmolive, Gillette, NYNEX, Pacific Telesis, Saul (B. F.), Southwestern Bell, Time Inc, US West

CANADIANS (1)
Seagram

BANKS (1)
Security Pacific

STORES (1)
Church

ELECTRICALS (4)
FKI Electricals ...

ENGINEERING (1)
Renold

FOODS (8)
Argyll Group, Blue Bird Con., Lennons Grp., Needlers, Meadow Farm Pro., Nabisco Brands, Nurdin & Peacock, Single

INDUSTRIALS (8)
Bibby (J.), Bowater Inds., Continental Grp., Embart Corp., Kershaw (A.), Pentland Inds., Reckitt & Colman, Tomkins (F. H.)

INSURANCE (1)
Allianz Versicherung

NEWSPAPERS (1)
Home Counties

PAPER (4)
Brunning, Best Vite, Lowe Howard-Spink, Ogilvy & Mather

PROPERTY (5)
Bradford Property, Charterbury Estates, Daejan, Peachey, Trenchwood

SHOES (1)
Garnar Booth

TEXTILES (2)
Illingworth, Morris, Tootal

TRUSTS (4)
First Scottish Am., Glasgow Stock, Land & Gen. Inv., Lon. Atlantic Tst.

OILS (1)
Falcon Resources

PLANTATIONS (1)
McLeod Russel

NEW LOWS (27)

CHEMICALS (1)
Arrow Chemicals

STORES (1)
Jones (Ernest)

ELECTRICALS (4)
Kode Intl., STC, Telefusion, U. & W.

ENGINEERING (3)
British Steam, Hadfields, ...

FOODS (2)
Banks (S. C.), Castle, Crisps

INDUSTRIALS (3)
AGE Research, Henara, Sheldon Jones

LEISURE (1)
Intervision Video

TRUSTS (1)
Fletech

OILS (2)
Firstland Oil & Gas, Sunmask Petroleum

MINES (10)
Durban Deep, West Rand, Free, Intel, SA Land, Vlakfontein, Vestercourt, Intl Minerals, Intel Mining, Whim Creek, Windsor Resources

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	3	17
Corpns. Dom. & Foreign Bonds	25	4	49
Industrials	225	247	830
Financial & Props.	56	109	362
Oils	14	33	77
Plantations	5	1	17
Mines	13	87	80
Others	63	54	113
Totals	495	543	1526

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section

EQUITY GROUPS & SUB-SECTIONS	Mon Sept 10 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Fri Sept 7 Index No.	Thur Sept 6 Index No.	Wed Sept 5 Index No.	Tue Sept 4 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (205)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (61)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (192)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (87)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Discount Houses (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Property (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Finance (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (104)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (740)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Mon Sept 10	Day's change %	Fri Sept 7	xd adj. today	xd adj. 1984 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Mon Sept 10	Fri Sept 7	Year ago (approx.)
British Government			
1 Low coupons 5 years	[illegible]	[illegible]	[illegible]
2 Low coupons 15 years	[illegible]	[illegible]	[illegible]
3 Low coupons 25 years	[illegible]	[illegible]	[illegible]
4 Medium coupons 5 years	[illegible]	[illegible]	[illegible]
5 Medium coupons 15 years	[illegible]	[illegible]	[illegible]
6 Medium coupons 25 years	[illegible]	[illegible]	[illegible]
7 High coupons 5 years	[illegible]	[illegible]	[illegible]
8 High coupons 15 years	[illegible]	[illegible]	[illegible]
9 High coupons 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 Debs & Loans 15 years	[illegible]	[illegible]	[illegible]
13 Debs & Loans 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]
15 Inflation rate 5%	[illegible]	[illegible]	[illegible]
16 Inflation rate 10%	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Vol.	Last	Vol.	Last	Vol.	Last	Stock
GOLD C / GOLD P, SILVER C / SILVER P, $FL C / $FL P, ABN C, AEGN C, AH C, AKZO C / AKZO P, AMRO C / AMRO P, GIST C, HEIN C, HOOG C, IBM C, KLM C / KLM P, NEDL C, NATN C, PETR C, PHIL C / PHIL P, RD C / RD P, UNIL C / UNIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 10,125

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*480)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons Gold (*477)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*121)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*185)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C. (*211)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*300)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*620)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Sec. (*296)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp. (*110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*636)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar Ho. (*267)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds (*216)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*462)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp. (*167)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO (*328)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*144)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*306)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*240)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*577)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$94)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Sep.	Calls Dec.	Calls Mar.	Puts Sep.	Puts Dec.	Puts Mar.
Beecham (*351)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass (*338)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$5.30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guest Keen (*172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*225)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar (*177)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*189)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index (*1092)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sept. 7. Total Contracts 2,672. Calls 1,857. Puts 815.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
105¾	101⅝	Treas. 15pc 1985	101⅞	+⅛	14.74	10.62
102¼	100	Exch. 12pc Cnv. '85	100⅝xd	+⅛	11.91	10.69
95⅜	93⅛	Treas 3pc 1985	94⅞	+⅛	3.16	10.94
102⅝	99½	Treas 11½pc 1985	100½	+⅛	11.44	10.78
99¼	96⅛	Treas 8¼pc Cnv '85	97⅜	+⅛	8.93	11.02
104⅞	99⅝	Exch. 12¼pc 1985	100⅞	......	12.14	11.27
103⅞	99⅛	Exch. 11¾pc '86	100⅝	+⅛	11.67	11.17
102⅛	96⅛	Treas. 10pc Cnv 1986	98¼xd	+⅛	10.19	11.38
91	88¼	Treas 3pc 1986	90⅝	+⅛	3.31	9.06
102	96¾	Exch 10½pc Cv '86	98⅝	+⅛	10.65	11.57
104⅛	99⅛	Treas 12pc 1986	100⅝	+⅛	11.92	11.50
98⅛	93½	Treas 8½pc 1984-86‡‡	95⅝	+⅛	8.89	11.17
108⅞	102⅞	Exch. 14pc 1986	104¼	+⅛	13.43	11.64
87⅞	85	Exch. 2½pc 1986	86⅝	+⅛	2.89	9.36
107⅞	100⅞	Exch. 13¼pc 1987	103⅛	+⅛	12.85	11.64
100⅛	94⅞	Treas 10½pc Cv '87	96⅞	+⅛	10.60	11.82
86⅛	83⅛	Exch 2½pc 1987	85⅛	+⅛	2.93	9.29
101⅞	94½	Exch. 10½pc 1987	97⅞xd	+⅛	10.78	11.71
92⅞	87	Funding 6½pc '85-87‡‡	88⅞	+⅛	7.32	11.52
99⅞	92⅞	Treas. 10pc 1987	95⅞	+⅛	10.45	11.85
85	81⅞	Treas 3pc 1987	83½	+⅛	3.59	9.79
105	97¼	Treas. 12pc 1987	100⅞	+⅛	11.98	11.88
94⅞	87⅞	Treas 7¾pc 1985-88‡‡	89⅞	+⅛	8.64	11.50
100⅛	92⅞	Exch 10½pc '88	96	+⅛	10.94	11.85
96⅛	89⅞	Treas 9½pc Cv '88	93⅝	+⅛	10.41	11.88
82	77	Transport 3pc '78-88	77⅞	+⅛	3.85	10.15
96⅞	88⅞	Treas. 9½pc '88	92⅛	+⅛	10.31	11.76
106⅛	94⅞	Treas 11½pc 1989	98¾	+⅛	11.65	11.85
95⅞	87⅞	Treas 9½pc Cnv. '89	92⅞	+⅛	10.28	11.69
96⅞	90⅞	Treas 10½pc 1989	95	+⅛	11.05	11.88
100⅛	88⅞	Exch 10pc 1989	93	+⅛	10.75	11.94

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
38	35	Exch 11pc 1989 (£35pd)	36⅞	+⅛	11.40	11.98
85⅛	77½	Treas 5pc 1986-89	78½xd	......	6.33	10.44
112⅛	100⅛	Treas 13pc 1990‡‡	106½	+⅛	12.45	11.82
110⅞	100⅛	Exch. 12½pc 1990	101⅞xd	+⅛	12.24	11.98
93⅛	84⅞	Treas 8¼pc 1987-90‡‡	89⅞	+⅛	9.44	11.27
98⅞	90⅝	Treas. 10pc Cv 1990	97⅝	+⅛	10.88	11.87
107	94⅛	Treas 11¾pc 1991	101	+⅛	11.07	11.96
84⅛	75⅝	Funding 5¾pc '87-91‡‡	77⅝xd	+⅛	7.37	11.47
105⅛	93⅞	Exch. 11pc 1991	100⅛	+⅛	11.47	11.85
112⅞	98⅞	Treas 12¾pc 1992‡‡	105⅛	+⅛	12.26	11.90
100⅝	86	Treas 10pc 1992	92	+⅛	10.94	11.75
60⅛	58⅝	Tr. 10½pc Cv '92 £60pd	59¼	+⅛	11.14	11.66

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
280	145	Falcon 250c	150	...	Q100c	♦	38.9
17	10	Wankie Col. Z$1	10	...	—	—	—
21	14	Zam.Cpr.SBD0.24	16½	...	—	—	—

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

For Alliance Gas see Dublin Gas

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	15	Hawker Sidd	38	Vickers	14
BOC Grp	27	Hse of Fraser	26	Woolworth Hldg.	58
BSR	26	ICI	42		
Babcock	17	'Imps'	12	**Property**	
Barclays Bank	45	ICL	7½	Brit Land	11
Beecham	[illegible]	Ladbroke	23	Cap Counties	16
Blue Circle	[illegible]	Legal & Gen	45	Land Secs	25
Boots	[illegible]	Lex Service	40	MEPC	25
Bowaters	[illegible]	Lloyds Bank	50	Peachey	17
Brit Aerospace	[illegible]	'Lots'	3	Samuel Props	12
BAT	[illegible]	Lucas Inds	18	Sterling Guar.	4
Brown (J.)	[illegible]	'Mams'	14		
Burton Ord	[illegible]	Marks & Spcr	20	**Oils**	
Cadburys	[illegible]	Midland Bk	36	Brit. Oil & Min.	9
Comm Union	[illegible]	NEI	10	Brit Petroleum	35
Courtaulds	[illegible]	Nat West Bk	60	Burmah Oil	17
Debenhams	[illegible]	P & O Dfd	25	Charterhall	9
Distillers	22	Plessey	20	Premier	6
Dunlop	5	Racal Elect	18	Shell	55
FNFC	6½	RHM	8	Tricentrol	20
Gen Accident	42	Rank Org Ord	24	Ultramar	40
Gen Electric	16	Reed Intnl	40		
Glaxo	70	Sears	8	**Mines**	
Grand Met	30	TI	22	Charter Cons	24
GUS 'A'	55	Tesco	16	Cons Gold	50
Guardian	50	Thorn EMI	[illegible]	Lonrho	12
GKN	20	Trust Houses	[illegible]	Rio T Zinc	60
Hanson Tst	17	Unilever	[illegible]		

A selection of Options traded is given on the London Stock Exchange Report page.

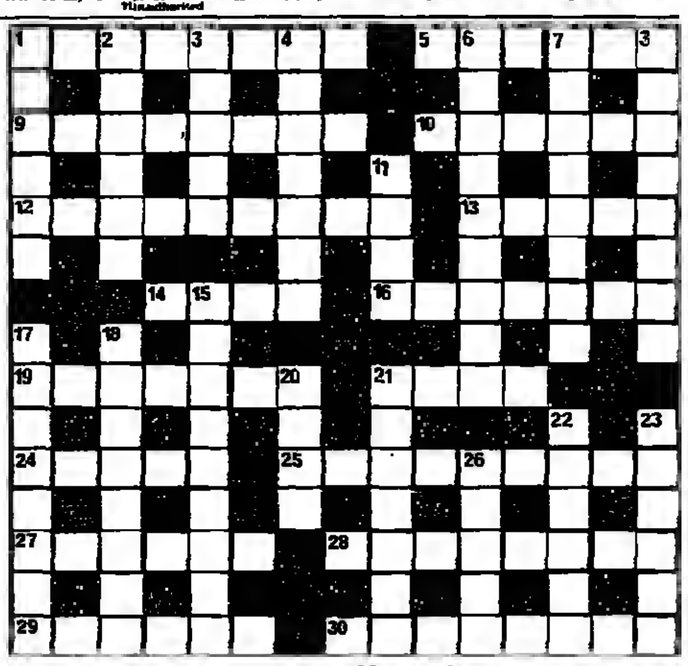
"Recent Issues" and "Rights" Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,514



ACROSS

1 Boy permitted to have marine creature (8)
5 Carriage for a liberal without money (6)
9 Changing star side is a catastrophe (9)
10 Type of issue to start writing (6)
12 Brent favourites rejected military march (9)
13 About kidneys are some children allergic? (5)
14 Hood's companion not allowed to show sign of injury (4)
16 "He shall find the stubborn —bursting" (Tennyson) (7)
19 First poem concerning quarrel by Pope (7)
21 American state drops a charge of explosives (4)
24 Hope 8 keeps this sort of house (5)
25 Move round furniture to platform (9)
27 Wanting to be fashionable —born 1st December (2, 4)
28 I join on (8)
29 Going out with book (6)
30 Knows band so to speak (8)

DOWN

1 The continental boxer say, on a Russian lake (6)
2 Sent out gold to king of Pylos (6)
3 Follow directions round university (5)
4 He may make one cross (7)
6 Agreement on 28 getting instrument (9)
7 Transfer a right at end of case (8)
8 One to take you in perhaps (8)
11 Notice price on set of books (4)
15 Drink topping tea in court assembly (9)
17 Hot-tempered person went up in the air (4-4)
18 Insinuation could end union (8)
20, 21 Confusing anagram at F.O. is just a mirage (4, 7)
21 See 20
22 You can count on it! (6)
23 Lower in status, but Inge accepts me (6)
26 Miss for example (5)

Solution to Puzzle No. 5,513

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	27.3	24 [illegible]	....	—
Blue Chip	19.5	20 [illegible]	....	—
Fixed Yield	18.5	19.5	....	—
Guaranteed Mny	15.6	16.5	....	—
Managed	18.6	10 [illegible]	....	—
International	25.0	26.4	....	—
Property	15.4	16.3	....	—
Pacific	14.3	20.4	....	—
Equity	10.8	15.[illegible]	....	—
Special Sits.	21.4	25.[illegible]	....	—
Int Currency	13.4	14.2	....	—
Index Linked Secs	10.5	11.1	....	—
American	19.4	20.5	....	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.17	....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Sept 6		£2 7842	+0.1463	—
Multi Gwth 'A' Sept 6	254.8	268.3	+13.2	—
Op 8 Prop Sept 6	262.2	276.1	....	—
Op 8 Equity Sept 6	319.9	336.8	+5.0	—
Op 8 Hy Sept 6	258.0	271.6	....	—
Op 8 Man Sept 6	312.4	328.9	....	—
Op 8 Dep Sept 18	196.8	204.4	+0.1	11.74
Op 8 Int Bond Sept 6	169.1	178.0	....	—
Op 8 Int Deut Sept 6	134.9	142.0	....	8.90
Op 8 Int Man Sept 6	182.7	192.4	....	—
Op 8 USS Sept 6	141.8	149.3	....	12.12
Pens 8 Pr Ac Aug 31	319.5	336.4	....	—
Pens 8 Eq Ac Aug 31	871.5	917.4	....	—
Pens 8 FI Ac Aug 31	374.0	394.2	....	—
Pens 8 Md Ac Aug 31	542.5	570.9	....	—
Pens 8 Dp Acc Aug 31	307.4	323.6	....	—
Pens8Gart Glob Aug 31	98.7	103.9	....	—
Pens 8 Gart N8 Aug 31	106.0	111.6	....	—
Pens8Gart Pac Aug 31	95.8	100.3	....	—

For Pensions Capital Units please ring extension 519.

Britannia Funds—Series A

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

Managed	179.0	188.5	....	—
UK Equity	189.1	199.1	−0.1	—
Overseas Eq.	180.2	189.7	+1.0	—
American	186.5	196.4	+0.2	—
Far East	166.8	175.6	−1.0	—
Property	110.7	116.6	....	—
Fixed Int	154.8	163.0	+0.7	—
Indexed Gilt	96.2	101.3	−0.5	—
Deposit	111.7	117.6	+0.1	—

Pension Fund Prices

Man. Initial	178.3	187.7	+0.2	—
Man Acc	196.0	206.4	+0.2	—
UK Eq. Initial	122.3	186.1	+0.1	—
UK Eq	192.4	202.6	+0.2	—
Overseas Eq. Initial	199.9	210.6	−0.3	—
Overseas Eq.	227.2	239.2	−0.3	—
American Initial	200.5	211.1	−0.3	—
American	210.4	229.9	−0.3	—
Far East Initial	207.2	210.3	−1.5	—
Far East	226.3	238.3	−1.5	—
Prop. Initial	105.7	111.3	−0.1	—
Prop.	115.1	121.2	−0.1	—
Fixed Int. Initial	130.3	145.6	+0.8	—
Fixed Int.	150.1	158.1	+0.8	—
Indexed Gilt Initial	91.1	95.9	−0.4	—
Indexed Gilt	99.2	104.5	−0.3	—
Deposit Initial	110.2	110.1	+0.1	—
Deposit	120.5	126.9	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	485.0	497.4	....	—

Prices Sept 3. Next dealing October 1.

New Zealand Ins. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	335.0	345.4	....	—
UK Equity	147.4	155.1	+0.5	—
American	250.6	263.8	+1.9	—
Pacific	343.4	361.5	+2.0	—
Property	150.5	158.4	....	—
Gilt	163.6	177.5	−1.4	—
High Inc. Equity	140.6	148.0	+0.9	—
High Inc. Fxd. Int.	103.2	108.6	+0.2	—
Deposit	142.1	154.9	....	—
Index-Linked Gilt	98.2	103.9	....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.79	−0.06	....	—

Inv Adv: M & G Inv Mngt Ltd, London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com Fund	14.9	15.6	—	1.10
Chinese Fund	59.7	62.7	—	5.70
Precious Metal Fund	123.6	129.7	....	8.70
Vanguard Cmdy. Fd.	26.2	26.9	....	2.26
Financial Futures Fd	52.6	54.8	....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$9.70	+0.01	....	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice

Mallinhall Ltd
36 Berkeley Sq, W1X 5DA. 01-499 6634

Minall Mny Fd	9.38	9.73	Qtrl	Call

The Money Market Trust
63 Qn Victoria St, EC4N 4ST. 01-236 0952

Call Fnd	10.40	10.74	4-mth	Call
7-day Fnd	10.67	11.02	6-mth	7 day

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE 01-236 1425

Call Fnd	10.03	10.28	6-mth	Call
7-day Fund	10.54	10.81	6-mth	7 day
Money Mngt Acct	10.00	10.38	3-mth	Call
Dollar	10.56	10.85	6-mth	7-day

Money Market Bank Accounts

	Nom	APO	Int Cr	Notice

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

Treasury Acc	10.175	10.76	Qtrl	Call
Monthly Inc. Chq Acc	10.25	10.74	Mthly	Call

Bank of Scotland
38 Threadneedle St, EC2P 2EH 01-628 8060

Cheque Acc	10.20	10.64	Mthl	Call

Barclays Prime Account
PO Box 125, Northampton 0604 252891

High Int. Cheque	10.25	10.65	Qtr	Call

Britannia Grp of Investment Companies
29 Finsbury Circus, EC2M 5QL. 01-588 2777

Cater Allen	10.375	10.003	Mthl	Call

Charterhouse Japhet plc
1 Paternoster Row, EC4M 7DH 01-248 3999

COMMODITIES AND AGRICULTURE

Producers prepare for coffee negotiations

By Our Commodities Staff

COFFEE producing countries began talks in London yesterday preparing their strategy for the negotiations with consumers next week on the terms of the International Coffee Agreement for the forthcoming 1984/85 season.

As usual the main items for discussion are the allocation of export quotas amongst the producers, and pressure for a rise in the agreement's price range. The main discussion this year is expected to centre on pressure from the smaller exporting countries for increased quotas.

The main producer, Brazil, has made it plain that it is unwilling to accept any reduction in its share of the world market. It is expected to be supported by Colombia, the second biggest exporter, who will also be keen not to give away any of its quota share. A compromise may be reached by increasing the overall world quota, while at the same time pressing for a rise in the present price range.

Consumers would welcome a rise in the global quota but will also be seeking more flexibility.

● India needs a substantially higher International Coffee Organisation (ICO) export quota for 1984-85 ending September than the initial 1983-84 quota of 38,550 tonnes to absorb increased local production, Mr George John, president of the United Planters Association of South India, said.

Addressing Upasi's annual conference, he said India is expected to harvest 170,000 tonnes of coffee in 1984-85, up from a drought-hit 102,000 in 1983-84, due to good Monsoon rains and attractive domestic and international prices.

Without a higher export quota, the industry will be forced to sell coffee at huge discounts on the domestic market, he said.

European zinc producer price reduced by $50

BY JOHN EDWARDS, COMMODITIES EDITOR

ZINC dropped to the lowest level for nine months on the London Metal Exchange yesterday following news of another cut in the European zinc producer price. Several European smelters announced they were reducing their selling price for zinc from $990 to $940 a tonne.

Penarroya, the French producer, also announced that it was cutting output by 10 per cent in the next few months to move closer in line with market needs.

All this provided confirmation that demand for zinc remains poor, and that the smelters are worried by the recent further decline in the LME zinc market. The three months quotation yesterday dipped to a low of £599 at one stage before recovering to close at £604.25 a tonne, still £14.25 down on Friday.

Workers at Noranda's Valleyfield refinery in Quebec yesterday rejected the company's latest contract offer and authorised the union to call a strike. However, the union is seeking fresh negotiations before deciding.

Lead followed zinc down yesterday. The three months lead quotation dropped by £15 to £315.25 a tonne. The market was depressed by the rise in warehouse stocks, which appeared to confirm recent impressions that battery manufacturers are still holding off from rebuilding stocks for the winter. Asarco cut its U.S. domestic lead selling price by a further 2 cents to 24 cents a lb.

Aluminium also came under renewed pressure, although rallying in the afternoon. As expected the International Primary Aluminium Institute confirmed that non-communist world stocks of primary aluminium rose by 110,000 tonnes in July to 2.3m tonnes. Secondary stocks fell marginally so the total holdings were 101,000 tonnes up at 4.1m tonnes.

In July 1983 total stocks were 3.9m tonnes. The renewed build-up in stocks is evidence that so far the cuts in production have not been sufficient to keep up with the decline in consumption during the past few months.

Copper prices were weak too. President Reagan's decision on Friday not to restrict imports has so far depressed both the London and New York markets.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(changes in week ending Sept. 7)

Aluminium	−2,400 to	140,400
Copper	−2,075 to	159,925
Lead	+1,200 to	57,400
Nickel	−402 to	19,266
Tin	+510 to	26,755
Zinc	−250 to	46,025
		(tonnes)
Silver	−10,000 to	50,640,000
		(ounces)

Surge at London tea auctions

BY OUR COMMODITIES EDITOR

TEA PRICES leapt at the London weekly auctions yesterday, as brokers realised the seriousness of India's restriction on exports. The indicative price of quality teas rose by 30p to 325p a kilo; medium grade by 40p to 290; and low medium by 40p to 248p.

Last week India announced that it was restricting tea exports to 215m kilos—the target set for the year. On Friday, the Indian Tea Board asked exporters not to negotiate any more contracts as the 1984 target had already been reached. It said export licences totalling 199m kilos had been issued, leaving only a further 16m kilos available to cover export deals that are in the process of being finalised.

The London tea auctions, therefore, face being starved of supplies of CTC (crush, tear and curl) favoured by Britain and normally mainly supplied by North India. Drought conditions have prevented an increase from the main competitive supply source, Kenya, and shipments from other sources are none too plentiful, with a world shortfall in production.

Although yesterday's rise in auction prices took brokers by surprise, they would not be surprised to see prices moving further ahead in the next few months, possibly exceeding the record levels reached earlier this year after India banned CTC exports last December. Quality tea reached a peak of 375p in early January, but values eased back subsequently and India lifted the ban on CTC exports in May.

London tea traders hope that India may be tempted to ease the restriction on exports again, now that the purpose of lowering domestic prices has been achieved. Meanwhile, the world market is likely to remain in a state of chaos, according to one broker, uncertain of which way India is going to jump.

London cocoa values see-saw

By Our Commodities Staff

COCOA prices see-sawed dramatically on the London futures market yesterday. After rising steadily in the morning, values suddenly collapsed in the afternoon on heavy speculative selling.

The December delivery position, after reaching a high of £1,910 in early trading, ended the day at £1,820.5 a tonne, £55 down on Friday's close.

There was no known fundamental supply-demand developments to account for the sudden turnround. Aggressive speculative selling created nervous conditions at the higher level and triggered off "stop loss" selling that accelerated the decline.

● CONRAD LESLIE, the private forecaster, estimated the 1984 U.S. maize crop at 7.54bn bushels, based on conditions as of September 1, revising his estimate of 7.64bn as of August 1.

Mr Leslie forecast soyabean output at 1.98bn bushels, revising his estimate of 2.06bn last month.

The U.S. Department of Agriculture last month put maize output at 7.66bn bushels and last year at 4.16bn.

It put soyabean production at 2.03bn bushels and 1.56bn last year.

● BUMPER SUGAR beet harvest is expected this year. Samples from 500,000 acres in East Anglia indicate that growers will be producing the second best crop in almost 50 years, said a British Sugar official at Peterborough, Cambridgeshire.

● FLORIDA'S Department of Agriculture is investigating an outbreak of bacterial disease found on young orange trees in a 60-acre commercial zone in the centre of the state.

Emilia Tagaza on a problem for Manila

Bleak market conditions force Philippines to curb sugar output

SUGAR, which was once the Philippines' number one export earner, is being down-graded in the Government's list of favoured crops. The continuing decline in world prices and spiralling production costs have forced the Government to set new policies that deliberately reduce the country's sugar output. In its place, import-substituting crops are being highlighted.

President Ferdinand Marcos has declared that for the next crop year (August 1985 to July 1986) the Philippines will reduce its sugar output to 1.8m tonnes. Output has been shrinking in the past few years, from 2.4m tonnes in 1982, to 2.2m tonnes in 1983, and an estimated 2.1m tonnes in the current crop year.

Crop loans to be made available to sugar planters next year will only be 2.1bn pesos ($116m), compared with sugar financing of 2.7bn pesos last year, which produced an output of 2.2m tonnes.

The Government also wants more of the country's 400,000 hectares of sugar land planted to other crops. Mr Salvador Escudero, the Agriculture and Food Minister, has ordered the conversion of 80,000 hectares into yellow corn and other crops for animal feeds such as sorghum and soyabeans.

This shift would help reduce the country's heavy dependence on imported animal feed. Up to 45 per cent of the cost of livestock production in the Philippines is accounted for by imports. Last year, animal feed imports reached $300m (£236m).

The Government seems resigned that sugar will not be able to regain its lustre as top export earner, at least not in the short-term.

Last year, the value of sugar exports dropped to $299m, almost 30 per cent less than the previous year's earnings of $416m. Sugar ranked only third amongst the top exports last year, overtaken by semi-conductor devices and coconut oil.

SUGAR planters in the Negros region reported that Typhoon Ike, which hit the central and southern Philippines last week, damaged about 15 per cent of the crop. They said, however, that some canes could still be recovered so they could not quantify how the damage will affect total output.

Negros Island accounts for 75 per cent of Philippine sugar production. The typhoon was the strongest in 14 years.

Sugar production has been declining in the last three years, not so much because of Government policies, as the planters' low motivation to produce more. Morale has been low because of acrimonious relations with the Government sugar monopoly, the National Sugar Trading Corporation (Nasutra).

Sugar planters and millers, especially those in the Negros Island who account for 75 per cent of total production, tend to blame the policies and activities of Nasutra for the industry's lot. Nasutra is the trading arm of the Philippine Sugar Commission (Philsucom), the industry's regulatory body, both were created by a presidential decree seven years ago.

Until early this year, Nasutra had a monopoly over both domestic trading and exports. Although domestic trading was opened up to private traders in March, Nasutra maintains control over exports, a cause of much unhappiness amongst producers. Mr Click Reyes, a Negros planter and an official of the New Alliance of Sugar Producers (NASP), said Nasutra refused to buy producers' export sugar if they did not also sell their domestic sugar.

Planters are required by Philsucom to split their output into 60 per cent export and 40 per cent domestic use.

Another source of friction is pricing. Prices paid to planters are based on the "composite price" derived from the weighted prices of domestic and export sugar. The domestic price is fixed by Philsucom and has generally been lower than the export price which depends on world market movements.

The composite price was increased last July to 300 pesos per picul (11.8 U.S. cents a pound) to cope with the average break-even price of 11c a pound. However, often Nasutra does not pay the full amount at once so that producers are short of funds to finance their crops.

Meanwhile, Nasutra has refused comment or explanation on most information demanded by producers. It was said that most information demanded is a trade secret and if released, would not help its negotiating position in the international market.

Sugar producers agree that a single export agency for sugar is desirable, so long as it has wide representation from plants and millers, and that it should account for its operations.

The feeling, even amongst Assemblymen from the Government party, is that Nasutra must do some strict housecleaning, and if the Parliament finds that its viability is no longer in place, the producers' desire for a single export body may yet be realised.

PRICE CHANGES

LONDON OIL

SPOT PRICES

GAS OIL FUTURES

GOLD MARKETS

LONDON FUTURES

EUROPEAN MARKETS

BRITISH COMMODITY PRICES

BASE METALS

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

SILVER

COCOA

COFFEE

GRAINS

PIGMEAT

POTATOES

RUBBER

SOYABEAN MEAL

SUGAR

COTTON

TEA AUCTIONS

LONDON TEA AUCTION—21,038 packages were on offer, including 1,200 packages in the offshore section.

WOOL FUTURES

JUTE

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

MEAT/FISH

AMERICAN MARKETS

NEW YORK, September 10.

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar retreats after DM3

Profit-taking set in on the foreign exchanges yesterday when the dollar touched the DM 3 level. This was reached in the Far East before Europe began trading, and although the dollar opened in Frankfurt at around the same level, it retreated quickly, and never threatened the DM 3 level again during the day. This was only to be expected and once the bout of profit-taking is out of the way another attack on DM 3 is anticipated according to dealers.

A major test for the dollar will come in nine days when the flash estimate of U.S. third quarter gross national product is published. It is expected to indicate that economic growth remains strong, encouraging recent speculation U.S. interest rates will move higher in the last quarter of the year.

After the initial surge the dollar settled back to close below last Friday's finishing levels in New York, but still at record closing highs as far as Europe was concerned. It rose to the highest level for 11½ years against the D-mark at DM 2.9890 compared with DM 2.9840, a record high of FFr 9.1750 against FFr 9.1575, and a seven-year peak of SwFr 2.4910 compared with SwFr 2.4845, but rose only slightly to Y245.60 from Y245.50.

The dollar's trade-weighted index, on Bank of England figures, rose to a record 140.0 from 139.4.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.2735. August average 1.2810. Trade-weighted index 77.7, unchanged from noon, compared with 77.6 at the opening and at the previous close, and 80.8 six months ago.

Sterling gained ground against the strong dollar and Continental currencies on hopes the dock strike may soon end and on slightly more optimistic news about the miners' dispute. It closed at the day's high of $1.2765-1.2775, a rise of 35 points from Friday, and also climbed to DM 3.82 from DM 3.8050; FFr 11.72 from FFr 11.67; SwFr 3.18 from SwFr 3.1625; and Y313.75 from Y312.75.

D-MARK — Trading range against the dollar in 1984 is 2.9890 to 2.5535. August average 2.8633. Trade weighted index against 128.1 six months ago.

The dollar reached a new 11½-year high at yesterday's fixing in Frankfurt. It was fixed at DM 2.9860 up from DM 2.9688 on Friday and the Bundesbank was active during the fixing period selling $34.8m. There were no obvious signs of any intervention outside the fixing. Initial trading saw the dollar flirting with the DM 3.0 level but profit-taking pulled it down to DM 2.9800. This attracted good support, however, and the dollar recovered accordingly.

Elsewhere sterling rose to DM 3.8060 from DM 3.7950 while the Swiss franc eased to DM 1.2015 from DM 1.2028.

Within the EMS the Belgian franc was higher at DM 4.9850 from DM 4.9840 and the French franc improved to DM 32.555 per kilo from DM 32.570.

JAPANESE YEN — Trading range against the dollar in 1984 is 246.90 to 233.10. August average 242.20. Trade weighted index 155.1 against 159.0 six months ago.

The yen lost ground against the dollar in Tokyo yesterday. The U.S. unit rose to Y246.10, up from Y245.95 in New York on Friday and Y244.55 in Tokyo. Early trading saw an initial marking down after New York's closing level encouraged profit-taking. However, it soon rebounded from an opening level of Y245.70 on renewed demand which itself contributed to fears that the dollar was likely to move higher. The dollar's strength against the D-mark pushed the latter weaker against the yen, closing at Y82.06 from Y82.12 in New York and Y82.55 in Tokyo on Friday.

£ in New York (latest)

	Sept. 10	Prev. close
Spot	$1.2770-1.2780	$1.2705-1.2710
1 month	0.11-0.14 dis	0.11-0.15 dis
3 months	0.38-0.40 dis	0.39-0.42 dis
12 months	2.20-2.30 dis	2.85-2.35 dis

Forward premiums and discounts apply to the U.S. dollar.

THE POUND SPOT AND FORWARD

Sept 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2708-1.2775	1.2765-1.2775	0.11-0.14c dis	−1.17	0.38-0.43dis	−1.27
Canada	1.6670-1.6800	1.6750-1.6760	0.20-0.25c dis	−1.61	0.64-0.72dis	−1.62
Nethlnd.	4.29-4.32	4.30½-4.31½	1½-1¼c pm	3.86	4½-4¼ pm	4.18
Belgium	76.70-77.05	76.95-77.05	par-5c dis	−0.39	par-9 dis	−0.23
Denmark	13.79-13.85½	13.84½-13.85½	¾ore dis-1 pm	0.32	1 dis-1½ pm	0.05
Ireland	1.2286-1.2325	1.2315-1.2325	0.14-0.30p dis	−2.14	0.55-0.78dis	−2.16
W. Ger.	3.80¾-3.83	3.81½-3.82½*	1⅞-1⅝pf pm	5.10	5-4½ pm	4.97
Portugal	197.40-199.10	198.30-199.10	230-625c dis	−26.82	690-1665dis	−23.70
Spain	213.5-215.5	214.9-215.1	50-75c dis	−3.49	165-205 dis	−3.14
Italy	2343½-2352	2350-2352	5-10lire dis	−4.08	22-28 dis	−4.25
Norway	10.80-10.86	10.84½-10.85½	2-3ore dis	−2.76	6½-7½ dis	−2.67
France	11.67-11.72½	11.71½-11.72½	½c pm-⅛ dis	−0.26	1½-2½ dis	−0.68
Sweden	10.83½-10.88	10.86½-10.87½	2½-3ore dis	−2.90	6½-7½ dis	−2.58
Japan	312-314	313½-314½	1.12-1.08y pm	4.21	3.40-3.35 pm	4.30
Austria	26.75-26.85	26.80-26.85	9½-7⅞gro pm	3.75	25½-21½ pm	3.49
Switz.	3.16½-3.18½	3.17½-3.18½	1½-1⅛c pm	5.66	4½-4¼ pm	6.68

Belgian rate is for convertible francs. Financial franc 77.50-77.60. Six-month forward dollar 0.93-0.88c dis. 12-month 2.20-2.35c dis. September 7: The rates should have read 3.78-3.821 (spread); 3.80-3.81 (close).

OTHER CURRENCIES

Sept. 10	£	$		£ Note Rates
Argentina Peso	97.50-97.70	76.63-76.72	Austria	26.65-26.93
Australia Dollar	1.5340-1.5360	1.2040-1.2050	Belgium	77.00-77.70
Brazil Cruzeiro	2,710-2,726	2,130-2,141	Denmark	13.78-13.90
Finland Markka	7.9366-7.0555	6.2800-6.2850	France	11.66-11.70
Greek Drachma	150.00-150.40	117.95-118.20	Germany	3.80-3.83
Hong Kong Dollar	10.008-10.020	7.8620-7.8650	Italy	2330-2360
Iran Rial	117.00*	91.60*	Japan	311-310
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rates.

THE DOLLAR SPOT AND FORWARD

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

MONEY MARKETS

Pressure continues to ease

Pressure continued to ease on interest rates on the London money market yesterday, as sterling held firm against the strong dollar, and rose quite sharply in terms of Continental currencies. Signs of a slight improvement in the industrial situation, with both sides involved in the pit dispute talking again, helped to boost sentiment. But the market remained nervouse, although there is now little anticipation of higher clearing bank base rates, while the pound remains strong against currencies other than the dollar.

UK clearing banks' base lending rate 10½ per cent (since August 20)

Three-month interbank eased to 10⅝ per cent from 10¹¹⁄₁₆ per cent; and 12-month to 11 per cent from 11⅛ per cent. Discount houses buying rates for three-month bank bills declined slightly to 10⁹⁄₃₂-10⁵⁄₁₆ per cent from 10⅜ per cent.

The Bank of England forecast a money market shortage of £450m in the morning, but this was revised in the afternoon to £400m. Total help provided by the authorities was £398m, mainly through outright purchases bank bills.

Before lunch the Bank of England bought £272m bills outright by way of £28m bank bills in band 1 (up to 14 days maturity) at 10½ per cent; £153m bank bills in band 2 (15-33 days) at 10½ per cent; £38m bank bills in band 3 (34-63 days) at 10⅜ per cent; and £39m bank bills in band 4 (64-91 days) at 10¼ per cent.

In the afternoon another £91m bills were purchased outright, through £4m bank bills in band 1 at 10½ per cent; £46m bank bills in band 2 at 10½ per cent; £14m bank bills in band 3 at 10⅜ per cent; and £27m bank bills in band 4 at 10¼ per cent.

Late assistance of around £35m was also provided.

In New York the Federal Reserve added reserves to the banking system by overnight system repurchase agreements. Earlier in the day it had been suggested the central bank would not inject liquidity with the Federal funds rate trading below 11¼ per cent. The intervention by the Fed last week was at levels between 11⅛ per cent and 11⅞ per cent, but yesterday reserves were added when Federal funds were trading at only 11⅛ per cent.

MONEY RATES

[illegible]

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES — NEW YORK (Lunchtime)

[illegible]

FINANCIAL FUTURES

Quiet trading

Trading volume was restricted by the absence of any fresh factors in the London International Financial Futures Exchange yesterday. Eurodollar prices finished almost unchanged on the day but down from Friday's closing levels, reflecting a virtually static cash market.

The December price opened at 88.03 down from 88.09 and was confined to a narrow seven point range before closing at 88.06. Interest tended to focus on the strength of the dollar in currency markets with dealers waiting to see if the U.S. unit could establish itself above the DM 3.0 level. Later this week producer prices, retail sales and industrial production figures will be released, giving a key indication as to the pace of the U.S. economic growth.

Gilt futures finished around the day's low after early buying in thin trading pushed values to the day's highs. The absence of any outcome to talks between the miners and the National Coal Board and continued confusion surrounding the dock workers strike gave the market very lille to work on and the retreat from earlier highs came despite sterling's better overall performance.

Most of the day's volume was seen in the December contract with September now used to square positions.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	88.27	88.28	88.25	88.35
Dec	88.06	88.07	88.00	88.09
March	87.75	87.75	87.69	87.78
June	87.53	87.53	87.44	87.50

Estimated volume 3,392 (6,080)
Previous Day's open int 12,314 (13,185)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
Sept	89.46	89.46	89.25	89.33
Dec	89.74	89.75	89.55	89.57
March†	89.56	89.59	89.40	89.43
June†	89.44	89.44	89.42	89.24
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	66-15	66-13	66-09	65-30
Dec	65-20	65-23	65-14	65-31
March	65-02	—	—	65-12

Estimated volume 801 (928)
Previous day's open int 1,162 (1,189)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	66-24	66-25	66-04	66-20
Dec	66-01	66-02	65-14	65-29
March	—	65-16	64-28	65-11
June	64-31	64-31	64-14	64-28
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Contracts & Tenders

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE
INVITATION TO TENDER

Tenders are invited for the urgent supply of 8800.00 tonnes of soft wheat to Tunisia. For delivery on a fob stowed and trimmed basis to an EEC port. Loading shall commence no earlier than 1st October 1984 and no later than 15th October 1984 for 15 days.

The price of the supply and transportation costs of the soft wheat for the above tenders will be determined on examination of the tenders which must be submitted by noon on 18th September 1984 to Home Grown Cereals Authority, Hamlyn House, High Gate Hill, London N19 5PR.

Notice of invitation to tender together with tendering forms may be obtained from Branch B (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, Fountain House, 2 Queens Walk, Reading, Berks RG1 7QW. Tel: Reading (0734) 583626, ext 388.

Personal

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 10, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	CURRENCY	VALUE OF £ STERLING
[illegible]	[illegible]	[illegible]

INTERNATIONAL CAPITAL MARKETS

Manitoba launches $100m issue in unreceptive market

BY MAGGIE URRY IN LONDON

THE Eurodollar bond primary market was in an unreceptive mood yesterday, and fortunately had only one new issue to cope with – from the province of Manitoba. Wood Gundy lead managed the issue, which raised $100m.

The 10-year bond has a 12½ per cent coupon, but even with a 99½ issue price, dealers regarded the coupon as too low compared with recent issues, even though the yield is in line with secondary market paper. The issue traded at a discount of about 2⅝ point to its issue price, outside total fees of 2¼ per cent.

Eurodollar bonds slipped yesterday in quiet trading, and although there was some recovery in the afternoon, prices were on average ⅛ point lower.

The Canadian dollar sector continues to attract borrowers, with Chrysler Credit Canada coming for C$50m, backed by Chrysler Financial Corp. The coupon was set at 14 per cent – a point higher than recent Canadian dollar deals, and has a seven year life.

European Banking Corporation, which has been handling Chrysler's $750m commercial paper programme, was lead manager, though not sole lead. The coupon attracted buyers and the issue traded at a 1¾ point discount to its par issue price, inside total fees of 1⅞ per cent.

D-Mark bonds were slightly easier yesterday in quiet turnover. Dealers are still concerned by the strength of the dollar. The new issue calendar is expected tomorrow, with European Investment Bank expected to be top of the list. The total size is likely to be larger than for the last couple of months. August's issues amounted to DM 900m.

In the Swiss franc sector, Santos, the Australian oil company, is planning a SwFr 130m public issue lead managed by Handelsbank. The bond is expected to be given a 10-year maturity. Final terms will be set on September 26.

A public holiday in Zurich kept business in Switzerland low, and prices were unchanged.

BHF Bank bond average

Sept 10		Previous
100.047		100.017
High	1984	Low
100.054		98.056

UK buyers lead rush for Spanish shares

BY DAVID WHITE IN MADRID

THE SHARP rise in Spanish share prices this year – already heralded as the stock market's best for the last decade – has brought a spectacular increase in foreign investment on the Madrid Exchange, particularly from the UK.

Net foreign investment on the Madrid market, the biggest of Spain's four stock exchanges, more than tripled in the first half of the year to Pta 7.86bn ($44m) compared with Pta 2.33bn in the same period last year, according to figures from the financial department of Banco Hispano Americano, one of the top three banks.

Total foreign purchases in the six months rose Pta 11.49bn against Pta 4.35bn in the first half of 1983, while sales by foreign investors increased to Pta 3.63bn from Pta 2.02bn

British investors moved up from fourth to first place with net investments of Pta 2.46bn, compared with net sales of Pta 265m in the same period last year. They were followed by Swiss, U.S. and West German investors.

The general share index in Madrid reached a new high for the year yesterday, to extend its increase since the end of 1983 to more than 40 per cent. This makes Madrid the fastest rising European bourse this year.

Market sentiment, already encouraged by the outlook for renewed economic growth and by Spain's strong export performance so far this year, has been further boosted by a recent agreement by banks to lower interest rates to top clients, thus reinforcing the prospects for an upturn in fixed investment.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 10.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	95	95½	0	+0¼	12.61
All Nippon Airways 14 94	100	109⅜	109⅛	0	−0⅜	12.74
American Savings 12 89	125	94⅞	95¼	+0⅛	+0¾	13.44
American Sav 12¾ 89	100	95½	96	+0⅛	+0¼	13.48
Austria Rep 13⅝ 92	100	102¾	103¼	−0¼	0	12.97
Bank of Tokyo 13⅝ 91	100	100⅞	101⅜	−0⅛	−0⅛	13.33
C.N.C.A. 13¼ 91	100	99⅞	100⅛	0	−0¾	13.24
Cassa Naz Tele 13¾ 91	100	102¾	103¼	—	—	13.02
Caterpillar Int 12¼ 88	125	95½	97	−0¼	−0¼	13.35
Creditanstalt 13⅛ 91	100	99¼	99¾	−0½	+0⅛	13.20
D.N.C. 11¾ 91 WW	50	†91⅛	91⅝	+0⅛	+0¾	13.70
D.N.C. 11¾ 91 XW	50	†89¾	91⅛	+0⅛	+2¼	13.92
Denmark Kingdom 13 91	100	99	99½	−0¼	−0⅜	13.37
Denmark 13⅝ 88 XW	100	101⅛	101⅜	+0⅛	+0⅛	13.34
Denmark Kingdom 14 91	100	103⅝	104⅛	−0⅛	−0⅛	13.08
E.I.B. 12½ 90	100	98½	98⅝	0	+0⅛	12.88
E.I.B. 12⅞ 94	100	98⅝	98⅞	+0⅛	+0⅛	13.19
Eurofima 12½ 01	100	97½	98	−0⅛	−0⅜	12.89
Ex-Im Bk Japan 13¼ 01	75	101⅞	102⅜	−0⅛	−0⅜	12.73
First Mich 13⅛ 89 May	125	98¾	99⅛	−0¼	+0⅛	13.55
First Mich 13¼ 88 July	75	98½	99	—	—	13.58
Florida Fed Sav 12⅞ 89	100	98⅜	98⅞	+0⅛	+0½	13.34
Gen Elec Credit 0 88	800	26⅞	28⅝	+0⅛	+0¼	11.23
Gen Elec Credit 11 01 WW	200	95¾	96¼	+0⅛	+0½	11.89
Genossen Zentral 14 91	100	103½	104	0	−0⅜	13.10
GMAC O/S Fin 13 86	200	101⅜	101⅞	0	+0⅛	11.88
Gulf & Western 12⅛ 89	100	†96	96½	0	+2⅛	13.23
Indust Bk Japan 11½ 89	125	94⅜	94⅞	−0⅛	−0½	13.17
Indust Bk Japan 13⅞ 91	125	105⅛	105⅝	−0⅛	−0½	12.20
Japan Air Lines 12½ 94	70	99	99½	−0⅛	0	12.11
L.T.C.B. 13⅝ 91	125	101¾	102⅛	+0⅛	+0⅜	13.15
Macy O/S 11¾ 91	100	96⅝	97⅛	0	0	12.45
Mutual Trust Fin 12 01	100	93⅝	94⅛	0	−0⅛	13.44
Montagu 13⅛ 91	100	101½	102	—	—	12.85
Montreal City 12½ 91	70	95⅛	95⅝	0	0	13.29
Morgan Guaranty 12⅛ 86	150	96⅝	97⅛	0	+0⅛	13.14
Newfoundland Prov 13 91	75	100⅝	101⅛	−0⅛	−0¼	12.72
Nippon Cred Bk 13⅞ 89	100	101⅞	102⅜	−0½	−0⅛	13.22
Nippon Tele 11⅜ 90	100	98½	99	−0⅛	−0⅛	11.56
Nova Scotia Pro 11¾ 91	100	95⅛	95⅝	0	+0⅛	12.79
Ontario Hydro 11⅝ 94	200	94⅝	95⅛	−0⅛	0	12.55
Quebec Hydro 11½ 92	100	†94	94½	0	+0⅛	12.64
Quebec Province 12⅛ 94	150	96⅞	97⅜	+0⅛	+0½	12.76
Rockefeller Grp 13¼ 89	100	102	102½	+0⅛	+0¼	12.56
Royal Bk of Can 11½ 89	100	93⅝	94⅛	0	−0⅛	13.30
Sears O/S Fin 11⅛ 91	150	96	96½	−0⅛	−0½	12.47
Sec Pac O/S Fin 12 92	100	92¾	93¼	+0¼	+0¼	13.50
S.E.K. 11½ 89	100	94⅛	94⅝	−0⅛	−0⅛	13.17
Shearson/Amex 12⅛ 94	100	95	95½	−0⅛	0	12.99
Statoil 12 88	100	98⅛	98⅝	0	+0½	12.64
Statoil 13½ 89	100	102⅜	102⅞	0	0	12.72
Sumitomo Fin 12¾ 01	150	96¾	97¼	−0⅛	−0¼	13.42
Sweden Kingdom 12⅜ 89	200	98	98½	0	−0⅛	12.85
Texaco Capital 12⅞ 87	300	98⅞	99⅜	—	—	13.24
Texaco Capital 13½ 89	200	102⅝	103⅛	−0⅛	0	12.65
Texas Insts Int 11½ 01	150	96¼	96¾	−0⅛	−0⅛	12.65
Tokyo Met 12⅛ 94	50	98¾	99¼	0	−0¼	13.05
World Bank 11¾ 89	200	95¼	95¾	−0⅛	−0¼	12.72
Yasuda Tst&Fin 12⅛ 89	100	95¾	96¼	−0⅜	−0½	13.66

Average price change On day 0 on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	115	100⅝	101⅛	+0⅛	−0¼	7.34
Amca Intl 8¾ 91	100	101	101¾	+0⅝	0	7.98
A.N.A.S. 6½ 01	150	100½	101¼	+0½	−0¼	8.30
Austria Republic 7⅞ 94	200	97¼	98	+0⅛	−0⅜	7.98
Baxter Travenol 7⅞ 94	200	97¼	98¼	+0¼	0	7.51
Credit National 8⅛ 94	200	99¼	100	0	−0½	8.17
Degussa Int Fin 7½ 94	100	101¾	102¼	+0¼	+0¼	7.19
E.E.C. 0 02	200	99¾	100¼	+0¼	−0¼	7.99
E.I.B. 6 01	250	101½	101⅝	+0¼	+0⅜	2.73
Escom 8 92	150	98½	99¼	+0½	+0½	8.19
Ferrovie Dello Stato 8 91	100	98⅜	99⅛	0	−0⅛	8.06
Finland Rep 7½ 01	150	97¼	98	+0½	−0⅛	7.85
Gould Int Fin 7⅞ 91	100	98⅞	99½	0	+0⅛	7.79
Int Standard Ele 7⅞ 90	100	100¾	101¼	0	+0⅜	7.21
Ireland 8⅛ 97	150	99¼	99⅝	+0½	−0¼	8.23
Japan Fin Corp 7⅝ 91	100	99½	100¼	−0⅛	−0¼	7.64
Megal Fin 6¼ 94	150	99¾	100⅛	−0¼	−0¼	8.24
Mitsubishi Hvy 3½ 89WW	300	99½	100¼	+0½	−0⅝	3.53
Mitsubishi Hvy 3½ 89XW	300	88⅛	88⅞	0	−0⅛	6.49
O.K.B. 7⅛ 89	100	99¾	100	−0⅛	−0⅛	7.68
Pepsico O/S Fin 7⅛ 94	250	99¼	99¾	−0¼	−0⅜	7.33
Reynolds O/S Fin 7⅞ 94	125	101½	102¼	+0¼	+0⅜	7.21
Societe Cent Nuclear 8 91	100	100⅝	101⅛	0	+0⅛	7.82
Sth Africa Rep 8½ 01	200	101¾	102⅛	+0¼	+0½	8.10
World Bank 7¾ 89	100	99⅝	100⅜	+0⅛	0	7.73
World Bank 8 94	200	100⅛	100½	−0¼	−0½	7.91

Average price change On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 6⅛ 94	100	*†101½	101¾	−0½	−0½	6.02
Canada 5¼ 92	200	*†100⅛	100¾	+0½	0	5.74
Consol Foods 5⅜ 94	200	*†103	103¼	+0¼	−0⅛	5.32
Consol Press 6⅛ 94	200	*†100⅛	100¾	0	+0⅛	6.16
Credit Foncier 6 94	120	*†100¾	101	0	+0⅛	5.88
Electric Power 5¾ 94	100	*†100⅛	100½	+0¼	+0⅛	5.70
Euratom 6⅛ 94	90	*†101¼	101½	0	−0½	6.06
FGH 5¾ 92	110	*†98½	98¾	+0⅛	0	5.97
G.D. Int 6¾ 92	70	*†102	102¼	+0½	−0½	6.39
Int-Am Dev Bk 6¾ 94	120	*†101¼	101¾	+0¼	+0¼	6.82
Japan Fin Corp 5½ 94	100	*†97½	97¾	−0½	−0½	5.83
Japan Highway 5⅝ 92	150	*†97½	97¾	0	+0⅛	5.78
Kansai Ele Power 6⅛ 92	100	*†100	100½	−2	−2¼	6.06
Manitoba Prov 5¾ 94	100	*†102¼	102½	−0½	−0¾	5.43
Mitsui Fin Asia 5⅞ 94	55	*†99	99¼	0	0	5.99
Mount Isa Fin 5¾ 94	100	*†99	99¼	0	+0⅛	5.87
New Brunswick 5⅝ 94	100	*†101	101¼	0	0	5.47
Quebec-Hydro 5⅝ 94	150	*†102¼	102¾	0	0	5.52
Statsforetag 6 92	75	*†101	101¼	0	+0¼	5.81
Sweden Kingdom 5¾ 94	125	*†101	101¼	+0¼	0	5.53
Tauernkraftwerke 5½ 94	100	*†100	100¼	+0¼	+1	5.48
Tobu Railway 4 92 WW	100	*†96½	98½	+0⅛	−0½	4.57
Tobu Railway 4 92 XW	100	*†86¾	87	+0⅛	0	6.28
Transcanada Pipe 5½ 92	100	*†98½	98¾	0	0	5.72
World Bank 6⅛ 94	200	*†101½	102	0	−0⅛	5.87

Average price change On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅝ 94	15	99	99½	0	−0⅛	7.48
Eurofima 7⅝ 94	10	100	100½	0	−0⅛	7.35
New Zealand 7⅛ 90	15	98¼	98¾	0	0	7.45
World Bank 7 94	20	95½	96	−0⅛	+0⅛	7.63
World Bank 7⅝ 93	20	106¾	107½	0	−0⅛	7.08

Average price change On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Banque Indosuez 14 91 CS	75	†100½	100¾	−0½	−0⅛	13.88
Canadian Occ 12⅞ 99 CS	60	†96⅛	96¾	−0½	−0½	12.88
C.N.E. 13 93 CS	50	†97½	98	−0⅛	−0⅛	13.42
Edmonton 13⅜ 89 CS	50	†101⅛	101⅞	−0⅜	−0⅜	13.28
Montreal City Of 12 90 CS	50	†97	97½	+0½	+0½	12.63
Quebec Hydro 14 91 CS	75	†104½	105½	−1	−1	12.83
Sears Accept Co 14 91 CS	50	†106	106½	—	—	12.58
Vancouver City Of 13 94CS	30	†102¾	103¼	+0⅛	+0⅛	12.37
E.E.C. 11¼ 91 ECU	50	104⅛	104¾	−0⅛	−0⅛	10.27
I.B.J. 11¼ 89 ECU	40	102⅛	102⅞	−0⅜	+0⅛	10.53
I.I.I. 11 89 ECU	60	99⅝	100⅛	−0⅛	−0⅝	11.03
Aegon 6¾ 89 FL	100	101¾	101⅞	0	−0⅛	7.82
Beatrice Foods 6¼ 89FL	100	102½	103	0	+0⅛	7.54
Dai-ichi 8½ 89 FL	50	99½	100	0	−0⅛	8.56
New Zealand 6¼ 89 FL	160	100⅛	100⅝	0	0	8.14
Rank Xerox Fin 8⅛ 89FL	75	101⅝	102⅛	0	0	7.75
World Bank 8⅛ 89 FL	150	100⅛	100⅝	0	+0⅛	8.70
Charbonnages 13⅞ 85 FF	400	†101	102	−0⅛	−0¼	12.38
Air Canada 11⅛ 94 £	40	95⅛	96	0	−0⅝	11.98
Cred Europe 11¾ 92 £	50	95⅝	96⅛	−0⅛	−0⅜	12.21
Denmark 10¾ 89 £	75	95⅛	95⅝	+0⅛	−0⅝	12.08
Denmark 11⅞ 94 £	75	96½	97	—	—	12.46
E.E.C. 11⅜ 94 £	50	96¾	97¼	−0⅛	−0⅜	11.89
E.I.B. 10⅝ 92 £	50	93	93½	+0¼	−0⅜	12.19
I.B.J. 11⅝ 95 £	30	98⅜	98⅞	0	−0⅛	11.83
I.I.I. 10¾ 93 £	25	92½	93⅛	0	−0¼	11.92
Ireland 11⅜ 94 £	50	93¼	93¾	+0⅛	−1	12.55
New Zealand 10⅝ 90 £	100	94½	95	−0⅛	−1¼	12.13
O.K.B. 12¼ 91 £	30	101⅛	101⅝	0	−0⅜	11.92
Royal Trustco 12¼ 88 £	30	102	102½	−0⅛	0	11.58
SNCF 11¼ 94 £	80	93½	94⅛	−0⅛	−0⅜	12.35
Sth Africa Rep 12½ 89£	40	†100¼	101	+0⅛	−0⅛	12.29
World Bank 10⅝ 89 £	100	94⅝	95½	−0⅛	−0⅛	12.10
Electrolux 10 99 LF	500	98⅝	99⅜	0	+0⅛	10.22
E.C.S.C. 10⅛ 94LF	100	99	100	0	−0½	10.56

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Banking 5¼ 98	0⅛	†98¾	99¼	15/9	10.81	10.92
B.B.L. Int 5 99	0⅛	98¾	99	11/10	11.19	11.31
Banca Naz Agri 5¼ 91	0¼	*†98¾	99½	10/2	12⅞	12.98
Bank of Montreal 5 96	0⅛	100	100¼	27/10	11.19	11.17
Bankers Trust 5¼ 88	0⅛	99⅞	100⅛	10/8	11⅞	11.75
Barclays O/S Inv 5 2004	0⅛	98⅞	99¼	2/9	10.56	10.67
BFG Fin 5¼ 98	0⅛	99	99¼	1/8	11⅞	11.88
B.N.P. 5¼ 96 (July)	0⅛	100	100¼	27/1	12.94	12.92
Credit Lyonnais 5¼ 98	0¼	100	100¼	14/12	12⅝	12.61
Dai-Ichi Kangyo 5¼ 98	0⅛	99⅝	99⅞	10/11	12⅛	12.12
Dresdner Fin 5¼ 89	0	99¾	99⅞	23/8	11⅝	11.68

E.D.F. 5¼ 99	0⅛	99⅝	99½	23/9	10.56	10.63
Genossen? Gotabanken 5¼ 94	0⅛	†98⅝	99⅛	10/11	12.19	12.33
Lloyds Euro 5 2004 §	0⅛	98⅞	99⅛	10/10	11.31	11.43
Midland Int Fin 5 99 §	0⅛	98⅝	99⅛	6/9	10.56	10.67
Mort Bk Denmark 5⅛ 99	0⅛	99¾	100	11/9	11	11.01
Nat West-Perp 5 89	0⅛	99⅛	99⅞	10/11	12.44	12.47
Oster Land 5⅛ 89 §	0⅛	†98¾	99¼	11/10	11.19	11.30
Osterreichische Cont 5⅛ 95	0⅛	100	100½	8/11	11⅝	11.60
Societe Gen 5⅛ 94	0⅛	99⅝	99⅞	15/9	10.10	10.27
Sweden Pap 5⅛ 85	0⅛	100⅛	100⅜	9/2	13⅛	13.10
Takugin 5⅛ 94 §	0⅛	99½	100	15/9	10⅝	10.70
Tokai 6⅛ 99	0⅛	99½	100	12/12	12½	12.53
Toyo 5⅛ 99	0⅛	99¾	100	14/12	12⅝	12.64

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	7160	93½	94½	−1	−0.05
Daiwa Sec Co 5½ 98	10/83	481.8	†107½	108	+0½	−3.05
Fanuc 3⅝ 98	1/84	9142	128¾	129⅝	−2⅛	31.33
Fujitsu 3 99	5/84	7328.9	93¾	94⅝	−1½	2.19
Honda Motor 5¼ 98	6/83	884	137½	138½	−4⅛	−0.88
Konishiroku Photo 4 98	10/83	873	82⅝	83⅝	−0⅛	0.68
Marui 3½ 99	7/84	1182	86⅝	87⅝	−1⅛	0.46
Minebea Co Ltd 5½ 98	5/83	667	107¼	108⅛	−1⅛	1.58
Mitsubishi Elec 5⅝ 98	6/83	396	100⅛	101¼	−3	2.06
Mitsubishi Heavy 4¾ 89	1/84	283	85⅝	86⅛	−1⅛	−2.04
Murata 3½ 99	2/84	2938	117¼	118⅛	−1½	21.97
Murata 3½ 2000	7/84	2388	114½	115½	−1⅛	−2.21
Nippon Oil Co 3¼ 99	3/84	1052	81⅛	82⅛	−2⅛	−0.07
Nippon Oil Co 0⅛ 98	4/83	864	91⅛	92⅛	−2	0.70
Nissan Motor 5⅜ 98	4/83	700	80	81	−0⅜	5.22
Ono Pharm'cal Co 3¾ 98	3/84	8400	†123	125	−3½	20.40
Orient Leasing 5⅛ 99	6/83	2880	121¾	123¼	−0⅝	−5.20
Secom 5 98	11/83	2020	†160	162	−4⅛	−2.78
Sekisui House 3 99	8/84	812	86⅞	87⅞	−0⅛	1.30
Sumitomo Corp 2⅞ 99	5/84	683	77	78	−0½	−2.83
Yamanouchi Pharm'cal 4 98	10/83	1403.2	97⅞	98⅞	+1⅛	3.86
Nippon Oil Co 2⅛ 92 SF	3/84	1052	*†102⅛	102¾	0	0.73
Nippon Shinpan Co 2 02 SF	3/84	801	*†131¾	132	+0⅛	25.59
Settsu Paper 2⅛ 92 SF	4/84	677	*†140	140½	+0½	−3.47
Ancs 5 92 DM	12/83	520	103⅛	104⅛	+0⅛	24.57
Sam Realty 6⅛ 92 DM	2/83	385	148	149	+0⅛	−4.58

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte – Date next coupon becomes effective. Spread – Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Soviet foreign trade bank seeks Ecu 75m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

VNESHTORGBANK, the Soviet foreign trade bank, is raising Ecu 75m in the Euromarkets through a five-year credit led by Crédit Lyonnais.

The operation marks the first time a Soviet borrower has raised money in Ecu's, the currency basket of the European Economic Community. The terms also suggest a more favourable attitude to the Soviet Union in international credit markets.

For this deal Vnesbtorgbank will pay a margin of only ½ per cent over Ecu deposit rates, whereas it paid a margin of ⅝ per cent on a 5½-year credit raised through FRAB-Bank International in June. That credit was raised to $150m from an initial $100m.

The new credit is the latest in a series of Soviet borrowings of which the most recent was a $50m, seven-year floating rate note for Moscow Narodny. Crédit Lyonnais said yesterday the loan is to be assembled through a small club of banks and is expected to be signed in October.

OVER-THE-COUNTER

Continued from Page 36

Stock		Sales (Hnds)	High	Low	Last	Chng
Hogan s		194	13	12½	12¾	+¼
HmFAz		58	9¾	9½	9½	−¼
HomeHl		336	7⅛	7	7⅛	+⅛
Hmecft		6	11¼	11¼	11¼	
HonInd	.56	17	19½	19½	19½	−¼
HookDr	1	54	22½	22	22¼	−¼
Hoover	1	308	23⅝	22¾	23⅝	+⅛
Horzind		12	4⅝	4⅛	4⅝	−⅛
HwBNJ		108	12½	12¼	12¼	
HughSp	.32	78	20½	19¾	20¼	−¼
HungTg		30	5	4⅝	4⅞	−⅛
HuntJB		9	19¼	18⅞	18⅞	+¼
HntgRs		28	8¼	8¼	8¼	+¼
HuntgB	.48b	30	30⅛	29¾	29¾	−¼
Huron		25	7	6½	6½	
Hybritc		58	13½	13¼	13¼	−½
HycoAt		101	6⅞	6¼	6½	
Hyponx		8	5½	5	5½	
HytekM		117	11⅛	10⅛	10¼	−1
I—I						
ILC		7	10	10	10	+½
IMS Int	.24	288	34¼	34	34	
IPL Sy		27	3⅞	3	3⅞	−⅛
ISC		657	13⅝	13	13⅛	−½
Icot		226	4⅛	3⅞	2	
Imuno		18	3	3	3	−⅛
Imugen		73	2⅛	2⅛	2⅛	
Inacmp		16	7	6⅝	6⅞	
IndpHlt		3	34	33½	33½	−⅛
IndlN		131	31	30¾	30¾	−⅛
InfoRsc		124	26½	25⅝	25¾	−⅛
Infsrn		113	27½	26¼	26¼	−⅞
InstNw		70	10	10	10	−½
Intecm s		758	10⅛	9⅞	10⅛	
IntgGen		16	3⅝	3½	3½	−⅛
Intel		9538	35¼	34¼	34½	−⅛
IntlSy		101	12	11⅞	12	−⅛
Intrtel		15	3⅛	3	3	−⅛
Intmd		30	5¾	5⅝	5¾	−¼
Intdyn		7	6	6	6	+¼
IntrFlr	.16	39	11	10⅞	10⅞	−⅛
Intrfac		90	7½	7⅛	7½	+⅛
Intgrph		1389	53⅞	52½	53½	
Intmgn		311	5⅞	5½	5½	−⅛
Intmec		91	16¾	16½	16½	−¼
Intrmet		45	7¼	6⅞	7	
InCapE		7	5	5	5	−⅛
IntClin		23	21	20½	20½	−⅛
IGame		80	16	15¾	15¾	
IntKing	1	2	18	18	18	−¼
IntLse s		29	13½	13¼	13¼	−⅛
InMobil		282	7¼	7⅛	7¼	
IRIS	9-1	1	7-16	1	9-10	
IT Corp		80	17⅛	17	17⅛	
IntTotal		49	3⅛	2⅞	3⅛	
InTotl wt		111	⅛	⅛	⅛	+⅛
Itel		33	3⅝	3½	3⅝	+⅛
J—J						
JBRest	.20	25	14⅛	14⅛	14⅛	−⅛
Jackpot	1	39	4⅛	4¼	4¼	
JackLfe		1081	32½	31½	32¼	
JamWtr		131	21½	21	21¼	−⅛
JefMart		264	6½	6⅜	6⅜	−⅛
Jenco	.12	2703	16⅞	16½	16⅝	−⅛
Jify s	.86	3-16	1	1-16	1⅛	+1-15
JhnAm	.30a	13	8¼	8⅛	8¼	−⅛
Jonicbl	1	7	4⅛	3⅞	4⅛	+⅛
Jonel A	1	65	4	3⅞	3⅞	
Josphsn	.50	19	9⅛	9	9⅛	−⅛
Juno		71	22	20	21	+¼
Justin s	.10	23	13	12⅞	13	+¼
K—K						
KLA s		275	28¼	27⅞	28	
Kamen s	.48	13	23	23	23	
Karchr		72	25	24½	24⅝	
Kasler	.60r	90	15½	15	15½	+½
Kaydon		110	6¾	6½	6¾	+¼
KellyJn		103	4	3⅞	3⅞	−⅛
Kemp	1.80	72	37½	37¼	37¼	−⅛
KyCnLf	.80	45	24¼	23⅞	23⅞	
Kevex		9	6½	6½	6⅜	−⅛
KeyTrn		180	12½	12	12	−½
Kinder s		631	15¼	14⅞	15	
Koss		22	7⅛	7⅛	7⅛	+⅛
Kroy	.05	105	11⅛	10½	11⅛	+⅛
Krugr s	.26	135	10	9¾	10	
Kulcke	.08	x218	28½	27¾	28	−⅛
L—L						
LDBrnk		125	10	9⅞	9⅞	−⅛
LJN		82	13¼	12¾	12¾	−⅛
LSI Log		246	17	16⅝	17	
LTX		385	20¾	19½	20¼	+¼
LaPete		54	26	25	25½	+¼
LaZ By	.04a	52	30½	30¼	30¼	−⅛
LadFrn	.12e	279	15⅛	14½	14½	−⅛
Landw	.16	77	12	11¼	11½	−⅛
Lamal	.80	4	13	13	13	
Lancast	.68	348	16⅛	16⅛	16⅛	−¼
LndBF	.60	415	14⅝	14⅜	14⅜	
LaneC s	.80	31	39	38½	39	+½
Langly	.20e	5	7⅜	7⅜	7⅜	
Lawsn s	.28	47	24	23½	24	+½
LeeDta		343	10⅛	10⅛	10⅛	−⅛
LewisP	.28b	2	7⅜	7¼	7⅜	−¼
Lexcon	271	9-16	3	7-16	3½	
Lexdta		58	4⅜	4½	4½	−⅛
Liebrt	.05e	73	22½	22	22	
Lfinws	.24	21	38½	38½	38½	
LieCom		85	6¼	6⅛	6⅛	−⅛
LilyTul	.20	1229	12¼	11¾	12¼	+¼
LinBrd		164	23¾	23¼	23½	−¼
LizClab	.80	169	48	46⅝	47¼	−⅛
LongF	1.20	39	23⅛	22⅞	23	+¼
Lotus		2213	27⅛	25½	26¾	+½
Lynden		10	21½	21½	21½	−¼
Lypho s		521	14½	13⅞	14	−½
M—M						
MCI		8832	7½	7¼	7⅜	−⅛
MIW		11	5	4⅞	4⅞	+⅛
MPSI s		8	8¼	8¼	8¼	+¼
MTS Sy	.32	x8	25¾	25½	25½	−⅛
Macrg s		35	9¼	8¼	8¾	−½
Machic		528	9	8¼	8¼	−⅛
Macktr		126	15⅛	15⅛	15⅛	
MadGE	2.20	24	20½	20½	20½	
MagCtl		27	13½	13	13	
MajRt		273	4⅝	3¾	3⅞	+⅛
Maintc		209	11½	11¼	11¼	−⅛
MgtSci		79	12⅛	12	12	−⅛
Manitw	.80	7	19½	19½	19½	
MfraN	2	98	38¼	37⅞	38	+¼
Marcus	.28a	17	14⅞	14⅝	14⅝	−⅛
Marqux		1	8¼	8¼	8¼	
Margst	.05e	142	9	8¾	8¾	−⅛
MrldN	1.60	x279	37¾	37	37¾	−⅛
Mascotn		6	20	20	20	
Masstor		420	4⅝	4	4⅝	
MathBx		9	9⅝	9½	9½	
MatrxS	.10	25	27⅞	27⅞	27⅞	+¼
Maxtre		188	25½	25⅛	25½	+¼
Maywel		203	11½	10¾	11¼	+⅛
MayPt		812	6⅝	6½	6⅝	
MaynOl		16	4½	4⅛	4⅛	−⅛
McCrm	.88a	217	32½	31¾	31¾	−¼
McFarl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
McQuay	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]